



## **SCHEDULE A**

**2015/16 DRAFT ANNUAL BUDGET  
AND SUPPORTING  
DOCUMENTATION OF  
OKHAHLAMBA LOCAL  
MUNICIPALITY**

ANNUAL DRAFT BUDGET OF  
**OKHAHLAMBA LOCAL MUNICIPALITY A**

2015/16 TO 2017/18  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

## Table of Contents

ANNEXURE .....	ERROR! BOOKMARK NOT DEFINED.
<b>PART 1 – ANNUAL BUDGET .....</b>	<b>1</b>
1.1    MAYOR'S REPORT .....	1
1.2    COUNCIL RESOLUTIONS .....	5
1.3    EXECUTIVE SUMMARY .....	6
1.4    OPERATING REVENUE FRAMEWORK.....	9
1.5    OPERATING EXPENDITURE FRAMEWORK.....	23
1.6    CAPITAL EXPENDITURE .....	25
1.7    ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	25
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	<b>42</b>
2.1    OVERVIEW OF THE ANNUAL BUDGET PROCESS .....	42
OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	44
2.3    MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS.....	49
2.4    OVERVIEW OF BUDGET RELATED-POLICIES.....	52
2.5    OVERVIEW OF BUDGET ASSUMPTIONS .....	ERROR! BOOKMARK NOT DEFINED.
2.6    OVERVIEW OF BUDGET FUNDING .....	54
2.7    EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	60
2.8    COUNCILLOR AND EMPLOYEE BENEFITS.....	62
2.9    MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.....	65
2.10    ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS.....	76
2.11    CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	76
2.12    CAPITAL EXPENDITURE DETAILS .....	76
2.13    LEGISLATION COMPLIANCE STATUS.....	90
2.14    OTHER SUPPORTING DOCUMENTS.....	90
2.15    MUNICIPAL MANAGER'S QUALITY CERTIFICATE .....	92

## List of Tables

---

## Abbreviations and Acronyms

		Programme	
BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
MM	Municipal Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
EE	Employment Equity	MTREF	Medium-term Revenue and Expenditure Framework
M	Mayor	NGO	Non-Governmental organisations
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	DC	District
HR	Human Resources	SALGA	South African Local Government Association
IDP	Integrated Development Strategy	SAPS	South African Police Service
EXCO	Executive Council Committee	SDBIP	Service Delivery Budget Implementation Plan
MFMA	Municipal Financial Management Act	SMME	Small Micro and Medium Enterprises

# Part 1 – Annual Budget

## 1.1 Mayor's Report

### **MAYORAL 2015/16 BUDGET SPEECH**

Honourable Speaker, Cllr G Ndaba

Deputy Mayor of Okhahlamba Local Municipality: Cllr SZ Khumalo

Members of the Council of Okhahlamba Local Municipality

Councillors present

Officials and all protocol observed

Greetings to all

Chairperson, Madam Speaker, I would like to greet you and all members of the council, officials and all stakeholders representatives, and I hereby present Draft Annual Budget for 2015/16 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 16 (2) of MFMA in relation to the tabling of Draft Annual Budget,

Total Draft Annual Budget is R 216 million

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (circular 74 and 75) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community, Councillors I would also like to highlight this, Okhahlamba Local Municipality has archived 100% spending on 2013/14 financial year on Municipal Infrastructure Grant of which it was a good performance in terms of community service delivery which is the priority of Umkhandlu wasoKhahlamba. I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community .

Thank you.

---

## **1. DRAFT CAPITAL BUDGET**

Council has set aside a projected capital funding of R 81 million, of which R27 million from MIG, R10 million from INEP and R43 million from Owner Resaves.

<b>Draft Capital Budget 2015/16</b>				
<b>DEPARTMENT</b>	<b>Budget Amount</b>	<b>Actual prior year</b>	<b>Actual current</b>	<b>Funding Source</b>
	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	
<b>COUNCIL</b>	-	-	-	Own Funding
Purchase of building	-		-	Own Funding
Vehicles	-			Own Funding
<b>FINANCE</b>	<b>150 000.00</b>	-	-	
Financial System	150 000.00			Own Funding
<b>Corporate:</b>	<b>600 000.00</b>	<b>120 000.00</b>	<b>85 000.00</b>	
Corporate: Office Furniture	350 000.00	100 000.00	80 000.00	
Air con for Main Building	250 000.00	20 000.00	5 000.00	
<b>SOCIAL</b>	<b>5 426 302.00</b>	-	-	
Fire Fighting Truck	2 500 000.00			Own Funding
3 Tractors and Full Equipment	1 500 000.00			Own Funding
Computerised Learner System	1 426 302.00			Own Funding
<b>TECHNICAL</b>	<b>74 886 000.00</b>	<b>38 925 000.00</b>	<b>39 877 000.00</b>	
<b>MIG Total Funding</b>	<b>27 456 000.00</b>	<b>28 425 000.00</b>	<b>29 877 000.00</b>	<b>0</b>
Bergville tarred road	6 125 000.00			MIG
Okhombe Vehicle Bridge	2 100 000.00			MIG
Ogade Pedestrian Bridge	2 100 052.00			MIG
Mnceleni Gravel Road	2 500 000.00			MIG
Ngunjini community hall	2 732 948.00			MIG
Nxumalo Gravel Road	2 500 000.00			MIG
Mborompo Gravel RD	4 622 000.00			MIG
Nkwazini Gravel RD	3 000 000.00			MIG
Masenga Gravel RD	1 776 000.00			MIG
2016/17 Projects		28 425 000.00		MIG
2017/18 Projects			29 877 000.00	
<b>Electrification</b>	<b>10 000 000.00</b>	<b>10 500 000.00</b>	<b>10 000 000.00</b>	<b>INEP</b>
<b>Sbhojeni</b>	<b>2 000 000.00</b>		-	INEP
<b>Othukelane</b>	<b>1 000 000.00</b>		-	INEP
<b>Bethany /action home</b>	<b>1 500 000.00</b>		-	INEP
<b>Khethani Extension/Isbonelo</b>	<b>2 500 000.00</b>			INEP
<b>Nhlanhleni Low cost housing</b>	<b>3 000 000.00</b>			INEP
Dukuza/Sandlwane		5 000 000.00		INEP
Ward 1 Farmlands		500 000.00		INEP
ward 11 Farmlands		1 500 000.00		INEP
Ward 12 Farmlands		1 500 000.00		INEP
Wordford Infills		1 000 000.00		INEP
Ward 10 Infills		1 000 000.00		INEP
Project on the planing stage for 2017/18Electrification			10 000 000.00	INEC
<b>OWN FUNDING</b>	<b>37 430 000.00</b>	-	-	
Constr of Vehicle testing, licensing & disas	4 000 000.00			Own Funding
Vehicle	230 000.00			Own Funding
1 Tipper truck	600 000.00			Own Funding

<b>OWN FUNDING</b>	<b>37 430 000.00</b>	-	-	
Constr of Vehicle testing, licensing & disas	4 000 000.00			Own Funding
Vehicle	230 000.00			Own Funding
1 Tipper truck	600 000.00			Own Funding
1 Water tanker	700 000.00			Own Funding
1 Excavator	1 200 000.00			Own Funding
Cemetery Fencing	500 000.00			Own Funding
Khethani Market Stalls	2 000 000.00			Own Funding
Bergville	1 000 000.00			
Sports Complex	3 000 000.00			Own Funding
Fresh Produce Market	2 000 000.00			Smalltown
Bergville taxi rank lights long distance	200 000.00			Own Funding
Construction of foot bridges	2 000 000.00			Own Funding
Ward Base Projects	20 000 000.00			
<b>TOTAL BUDGET</b>	<b>81 062 302.00</b>	<b>39 045 000.00</b>	<b>39 962 000.00</b>	

## 2. DRAFT OPERATIONAL BUDGET

Council has approved funding for provision of bad debt, indigence provision and debt impairment to cushion against any shortfall in anticipated revenue. The indigent register is the process of completion which once the process is finalized council has to decide on the way forward. This would require council to conclude on whether we impose an automatic indigent on the bases of property values or by application or a combination of both.

### REVENUE AND EXPENDITURE

In the projection of our income the following has been taken into consideration:

- The ability of the community to pay for services received
- The effect on the consumer accounts
- The realistic revenue estimates taking into consideration actual income available and estimates growth percentage
- Identification of grants from National and other agencies
- The impact of the inflation and costs increase
- The requirements of the tariff policy
- Municipal Property Rates Policies
- Credible collection rates and collection improvements targets

The municipal revenue is based on rates and refuse collection services. There is a projected increase in rates of 6%, which will allow the rate payers, especially residents to pay for their rates. There has been

resistance by the public in the payment of rates, this due to the history of non-delivery of services in the municipality. Refuse tariff will further increase by the same margin 6%.

There is plan to procure the services of a legal service to assist in the collection of debts from our defaulters.

In closing, the municipality intends to ensure that we remain focus in costs cutting measures that do not add value to services delivery. Furthermore, the is a drive to achieve at least R12 000 000 in a long term-investment, and thus shall maintain our gearing at 50%, liquidity ration at 2.5 and our asset ration at 4.1.

## **1.2 Council Resolutions**

**EXTRACT OF THE RESOLUTION FROM THE MINUTES OF A SPECIAL COUNCIL  
MEETING HELD ON MONDAY THE 30<sup>TH</sup> MARCH 2015 IN THE MUNICIPAL  
COUNCIL CHAMBER, NO. 259 KINGSWAY STREET, BERGVILLE AT 10H00**

### **9.1 2015/2016 Draft Budget and Policies**

The Chief Financial Officer, Mr. S. B. Ndabandaba elaborated as per the report attached in the Executive Committee dated the 27<sup>th</sup> March 2015. The Finance Manager, Mr. T. E. Gambu presented the 2015/ 2016 draft budget departmentally as per the document which was attached in the Executive Committee agendas.

Concerns were raised by Councillors regarding the budget of infills and additional policies that had not been work-shopped. The Director Technical Services, Mr. S. N. Malinga clarified that the programme of infills was a continuous project even though the municipality was planning to quantify all the costs to start all the infills from Ward 1 – Ward 14 and the full report would be presented before the final budget. Mr. S. B. Ndabandaba advised that all policies would be work-shopped to all Councillors.

After a long deliberation and following a proposal from Councillor M. C. Zondo seconded by Councillor B. E. Nene.

It was accordingly;

**RESOLVED THAT:**

- The 2015/2016 draft budget be noted and approved.**

- **2015/2016 draft finance polices (Credit control policy, Indigent Support Policy, Property Rates Policy, Tariff Policy, Unallocated Revenue Policy and Supply Chain Management Policy) be adopted.**

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Okhahlamba financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Okhahlamba business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality of nearly R48 million or 10 percent of the current financial year's adjusted budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 205/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16MTREF:

- The 2015/16 Draft Budget priorities and targets, as well as the base line allocations contained in that Draft Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Draft Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

KZN235 Okhahlamba - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>											
Property rates	13 905	17 653	25 228	29 388	30 755	30 755	30 755	30 584	32 419	34 365	
Service charges	500	355	354	365	365	365	365	387	410	435	
Investment revenue	1 462	2 535	3 530	2 000	2 140	2 140	2 140	2 268	2 404	2 548	
Transfers recognised - operational	57 908	67 627	74 172	84 307	90 039	90 039	90 039	104 103	102 231	99 411	
Other own revenue	1 182	1 574	5 115	17 654	3 166	3 166	3 166	2 834	3 004	3 195	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>74 958</b>	<b>89 744</b>	<b>108 398</b>	<b>133 714</b>	<b>126 465</b>	<b>126 465</b>	<b>126 465</b>	<b>140 177</b>	<b>140 469</b>	<b>139 954</b>	
Employee costs	22 453	27 712	36 291	39 011	41 012	41 012	41 012	43 361	45 525	47 972	
Remuneration of councillors	6 333	6 783	7 338	7 154	7 340	7 340	7 340	7 765	8 192	8 627	
Depreciation & asset impairment	4 478	5 117	9 594	12 230	12 230	12 230	12 230	12 959	13 716	14 561	
Finance charges	679	417	1 117	2 298	2 298	2 298	2 298	487	512	537	
Materials and bulk purchases	-	-	-	694	1 325	1 325	1 325	1 539	1 632	1 730	
Transfers and grants	-	663	1 136	7 237	7 237	7 237	7 237	7 671	8 132	8 620	
Other expenditure	27 186	32 641	48 207	46 489	54 362	54 362	54 362	59 586	58 107	61 575	
<b>Total Expenditure</b>	<b>61 129</b>	<b>73 333</b>	<b>103 682</b>	<b>115 112</b>	<b>125 803</b>	<b>125 803</b>	<b>125 803</b>	<b>133 370</b>	<b>135 816</b>	<b>143 620</b>	
<b>Surplus/(Deficit)</b>	<b>13 829</b>	<b>16 411</b>	<b>4 716</b>	<b>18 602</b>	<b>661</b>	<b>661</b>	<b>661</b>	<b>6 807</b>	<b>4 653</b>	<b>(3 666)</b>	
Transfers recognised - capital	20 610	34 733	48 933	32 537	43 014	43 014	43 014	37 456	38 925	39 877	
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>34 439</b>	<b>51 144</b>	<b>53 649</b>	<b>51 139</b>	<b>43 675</b>	<b>43 675</b>	<b>43 675</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>34 439</b>	<b>51 144</b>	<b>53 649</b>	<b>51 139</b>	<b>43 675</b>	<b>43 675</b>	<b>43 675</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>	
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	19 368	40 806	88 153	48 412	82 066	82 066	82 066	60 062	39 045	39 962	
Transfers recognised - capital	18 578	34 104	48 933	32 537	43 014	43 014	43 014	37 456	38 925	39 877	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	790	6 703	39 220	15 875	39 052	39 052	39 052	22 606	120	85	
<b>Total sources of capital funds</b>	<b>19 368</b>	<b>40 806</b>	<b>88 153</b>	<b>48 412</b>	<b>82 066</b>	<b>82 066</b>	<b>82 066</b>	<b>60 062</b>	<b>39 045</b>	<b>39 962</b>	
<b>Financial position</b>											
Total current assets	71 667	90 286	60 529	63 625	55 603	55 603	55 603	51 114	61 372	72 635	
Total non current assets	65 687	98 864	176 839	193 199	195 435	195 435	195 435	222 515	250 210	278 141	
Total current liabilities	47 249	43 116	35 914	5 800	30 994	30 994	30 994	29 852	24 395	27 555	
Total non current liabilities	4 605	9 389	17 693	22 780	33 774	33 774	33 774	5 497	5 497	5 497	
Community wealth/Equity	85 501	136 645	194 174	228 244	186 270	186 270	186 270	238 280	281 690	317 724	
<b>Cash flows</b>											
Net cash from (used) operating	51 044	51 038	44 440	45 040	28 305	28 305	28 305	57 743	57 847	51 357	
Net cash from (used) investing	(19 245)	(40 632)	(88 153)	(32 550)	(62 385)	(62 385)	(62 385)	(55 062)	(33 545)	(33 962)	
Net cash from (used) financing	(1 594)	3 533	7 683	(4 300)	(1 893)	(1 893)	(1 893)	(2 568)	(2 568)	(2 568)	
<b>Cash/cash equivalents at the year end</b>	<b>64 828</b>	<b>78 767</b>	<b>42 798</b>	<b>73 578</b>	<b>6 825</b>	<b>6 825</b>	<b>6 825</b>	<b>19 708</b>	<b>41 442</b>	<b>56 269</b>	
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	64 828	78 829	42 798	48 488	6 825	6 825	6 825	19 708	41 442	56 269	
Application of cash and investments	2 085	(44 072)	4 307	(1 042)	(12 769)	(12 769)	(12 769)	2 729	8 812	14 758	
<b>Balance - surplus (shortfall)</b>	<b>62 742</b>	<b>122 901</b>	<b>38 491</b>	<b>49 530</b>	<b>19 594</b>	<b>19 594</b>	<b>19 594</b>	<b>16 979</b>	<b>32 630</b>	<b>41 511</b>	
<b>Asset management</b>											
Asset register summary (WDV)	65 687	98 778	176 839	193 199	195 435	195 435	195 435	222 515	250 210	278 141	
Depreciation & asset impairment	4 478	5 117	9 594	12 230	12 230	12 230	12 230	12 959	13 716	14 561	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	1 600	1 999	5 532	10 236	10 236	10 236	10 236	9 983	10 582	11 217	
<b>Free services</b>											
Cost of Free Basic Services provided	-	655	1 134	2 124	2 124	2 124	2 124	2 251	2 251	2 387	2 530
Revenue cost of free services provided	-	-	-	8 010	8 010	8 010	8 010	8 929	8 929	9 465	10 033
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	0	0	0	0	0	0	0	0	0	0

Total operating revenue has grown by 6% or to R140 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 6% respectively

Total operating expenditure for the 2015/16 financial year has been appropriated at R135 million and When compared to the Adjustments Budget, operational expenditure has grown by 6% per cent in the 2014/15 budget and by 6% for each of the respective outer years of the MTREF.

The capital budget of R81 million

#### Operating Revenue Framework

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Okhahlamba and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of Okhahlamba Local Municipality .

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

KZN235 Okhahlamba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework				
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17
R thousand	1											
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		73 094	87 906	157 331	129 610	122 482	122 482	135 627	137 566	136 875		
Executive and council		55 729	64 918	157 331	95 131	79 537	79 537	98 536	98 362	95 335		
Budget and treasury office		17 323	22 965	—	34 479	37 025	37 025	37 048	39 159	41 493		
Corporate services		42	22	—	—	5 920	5 920	42	45	48		
<i>Community and public safety</i>		1 364	2 117	—	2 083	1 953	1 953	1 945	2 053	2 167		
Community and social services		1 364	2 117	—	2 083	1 953	1 953	1 945	2 053	2 167		
Sport and recreation		—	—	—	—	—	—	—	—	—		
Public safety		—	—	—	—	—	—	—	—	—		
Housing		—	—	—	—	—	—	—	—	—		
Health		—	—	—	—	—	—	—	—	—		
<i>Economic and environmental services</i>		20 610	34 100	—	33 803	44 549	44 549	39 537	39 220	40 199		
Planning and development		20 610	34 100	—	33 803	44 549	44 549	39 537	39 220	40 199		
Road transport		—	—	—	—	—	—	—	—	—		
Environmental protection		—	—	—	—	—	—	—	—	—		
<i>Trading services</i>		500	355	—	365	365	365	387	410	435		
Electricity		—	—	—	—	—	—	—	—	—		
Water		—	—	—	—	—	—	—	—	—		
Waste water management		—	—	—	—	—	—	—	—	—		
Waste management		500	355	—	365	365	365	387	410	435		
<i>Other</i>	4	—	—	—	390	129	129	137	145	154		
<b>Total Revenue - Standard</b>	2	<b>95 567</b>	<b>124 477</b>	<b>157 331</b>	<b>166 251</b>	<b>169 479</b>	<b>169 479</b>	<b>177 633</b>	<b>179 394</b>	<b>179 831</b>		
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		59 529	71 337	103 682	71 843	72 515	72 515	73 149	77 174	81 631		
Executive and council		31 510	39 768	103 682	23 328	24 120	24 120	26 362	27 642	29 215		
Budget and treasury office		5 565	3 854	—	28 495	27 779	27 779	25 262	26 765	28 358		
Corporate services		22 453	27 715	—	20 019	20 616	20 616	21 525	22 766	24 058		
<i>Community and public safety</i>		—	—	—	10 273	17 508	17 508	19 138	20 245	21 407		
Community and social services		—	—	—	10 273	17 508	17 508	19 138	20 245	21 407		
Sport and recreation		—	—	—	—	—	—	—	—	—		
Public safety		—	—	—	—	—	—	—	—	—		
Housing		—	—	—	—	—	—	—	—	—		
Health		—	—	—	—	—	—	—	—	—		
<i>Economic and environmental services</i>		1 600	1 996	—	31 741	33 942	33 942	35 184	37 216	39 335		
Planning and development		1 600	1 996	—	31 741	33 942	33 942	35 184	37 216	39 335		
Road transport		—	—	—	—	—	—	—	—	—		
Environmental protection		—	—	—	—	—	—	—	—	—		
<i>Trading services</i>		—	—	—	—	—	—	—	—	—		
Electricity		—	—	—	—	—	—	—	—	—		
Water		—	—	—	—	—	—	—	—	—		
Waste water management		—	—	—	—	—	—	—	—	—		
Waste management		—	—	—	—	—	—	—	—	—		
<i>Other</i>	4	—	—	—	1 256	1 838	1 838	5 898	1 182	1 247		
<b>Total Expenditure - Standard</b>	3	<b>61 129</b>	<b>73 333</b>	<b>103 682</b>	<b>115 112</b>	<b>125 803</b>	<b>125 803</b>	<b>133 370</b>	<b>135 816</b>	<b>143 620</b>		
<b>Surplus/(Deficit) for the year</b>		<b>34 439</b>	<b>51 144</b>	<b>53 649</b>	<b>51 139</b>	<b>43 675</b>	<b>43 675</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>		

**Table 3 Revenue by main revenue source**

KZN235 Okhahlamba - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
				R thousand								
Property rates				11 927	15 183		27 566	27 566	27 566	28 762	30 488	32 317
Propert Rates penalties				1 978	2 470		1 823	3 189	3 189	1 823	1 932	2 048
Service charges - refuse revenue							365	365	365	387	410	435
Rental of facilities and equipment				500	355		10	99	99	105	111	118
Interest earned - external investments				42	22		2 000	2 140	2 140	2 268	2 404	2 548
Fines				1 462	2 535		350	354	354	375	397	421
Licences and permits				213	151		263	509	509	396	420	445
Agency services							861	591	591	482	511	541
Transfers recognised - operational				58 416	68 240	74 172	84 307	90 039	90 039	103 619	101 672	107 747
Other revenue				419	787	34 227	16 170	1 385	1 385	1 476	1 565	1 669
Gains on disposal of PPE								228	228			
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	74 958	89 744	108 398	133 714	126 465	126 465	139 693	139 910	148 290

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for Okhahlamba . Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totaled R 33 million or 6 %

Operating grants and transfers totals R104 million ,The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

KZN235 Okhahlamba - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		56 048	64 794	72 669	83 162	83 162	83 162	103 027	101 099	98 220
Local Government Equitable Share		54 262	62 494	69 129	79 269	79 269	79 269	98 494	98 317	95 287
Finance Management		1 258	1 500	1 650	934	934	934	930	957	1 033
Municipal Systems Improvement		528	800	890	1 800	1 800	1 800	1 800	1 825	1 900
EPWP Incentive				1 000	1 159	1 159	1 159	1 803		
Other transfers/grants [insert description]										
Provincial Government:		-	150	1 209	1 145	997	997	1 076	1 132	1 191
Sport and Recreation			150	150						
Health subsidy					1 059	700	700	719	756	795
Spatial planning & Museum						146	146	191	201	212
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	5 880	5 880	-	-	-
[insert description]						5 880	5 880			
LGSETA Learnerships										
Total Operating Transfers and Grants	5	56 048	64 944	73 878	84 307	90 039	90 039	104 103	102 231	99 411
<u>Capital Transfers and Grants</u>										
National Government:		19 153	25 094	24 650	32 537	34 149	34 149	37 456	38 925	39 877
Municipal Infrastructure Grant (MIG)		19 153	23 233	24 650	26 537	26 537	26 537	27 456	28 425	29 877
Other capital transfers/grants [Disaster and INEP]			1 861		6 000	7 612	7 612	10 000	10 500	10 000
Provincial Government:		-	10 900	5 000	-	8 865	8 865	-	-	-
Smalltown Relieve & Corridor Development			10 900	5 000		8 865	8 865			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	19 153	35 994	29 650	32 537	43 014	43 014	37 456	38 925	39 877
TOTAL RECEIPTS OF TRANSFERS & GRANTS		75 201	100 938	103 528	116 844	133 053	133 053	141 559	141 156	139 288

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of Okhahlamba .

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 % upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

### 1.3.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, *inter alia* with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- R 85.80 rebate for first R15000 will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 6 % increase from 1 July 2015 is contained below:

**Table 5 Comparison of proposed rates to levied for the 2015/16 financial year**

#### PROPERTY RATES

DESCRIPTION	TARIFF 2014/2015	TARIFF 2015/2016	IMPERMISSABLE REBATE	ADDITIONAL REBATE
RESIDENTIAL, SECTIONAL TITLE RESIDENTIAL,	.0070	.0074	R105.00 P/A	20% SECTIONAL TITLE RESIDENTIAL
RURAL RESIDENTIAL, RESIDENTIAL SMALL HOLDING	.0070	.0074	R105.00 P/A	20%
BUSINESS & COMMERCIAL, RURAL BUSINESS AND COMMERCIAL	.0070	.0074	0	20% ON APPLICATION LED DEVELOPMENT
INDUSTRIAL	.0070	.0074	0	20% ON APPLICATION LED DEVELOPMENT
PUBLIC SERVICE INFRASTRUCTURE	.00175	.00186	100%	
AGRICULTURAL AND AGRICULTURAL SMALL HOLDING	.00175	.00186	0	20%
MUNICIPAL PROPERTIES NON LEASED MUNICIPAL PROPERTIES	.0070	.0074	0	100%
MUNICIPAL PROPERTIES BINDED BY LEASE AGREEMENT	.0070	.0074	0	20%
PRIVATELY DEVELOPED ESTATES	.0070	.0074	0	20%

PROPERTIES FOR RELIGIOUS USE	.0070	.0074	0	100%
VACANT LAND	.0070	.0074	0	
RURAL COMMUAL LAND	.0070	.0074	0	100%
EDUCATION FACILITIES	.0070	.0074	0	
STATE OWNED PROPERTIES	.0070	.0074	0	
TOURISM AND HOSPITALITY RURAL	.0070	.0074	0	20%
TOURISM AND HOSPITALITY URBAN	.0070	.0074	0	20%
SPECIAL AGREEMENTS	.0070	.0074	0	N/A

#### REFUSE CHARGES

DESCRIPTION	TARIFF 2014/2015 INCL VAT R	TARIFF 2015/2016 INCL VAT R
FIXED MONTHLY RESIDENTIAL	86.82	91.82
FIXED MONTHLY COMMERCIAL	180.23	191.04
DUMP SITE DELIVERIES PER LOAD	165.33	175.25
GARDEN REFUSE PER LOAD	165.33	175.25
DUMP SITE DELIVERY PER LOAD MORE THAN LDV	330.66	350.50

## CEMETERY FEES

DESCRIPTION	TARIFF	TARIFF
	2014/2015	2015/2016
OPENING A GRAVE FOR EXHUMATION	640.65	679.09
RESERVATION OF GRAVE PLOT IN PERPETUITY PER PLOT	396.12	419.89
BURIAL FEES: ADULTS (RESIDENTS)	768.14	814.23
INFANTS	385.21	408.32
BURIAL FEES: ADULTS (NON RESIDENTS)	3265.51	3461.44
INFANTS	1960.74	2078.38
ADDITIONAL CHARGES FOR BURIALS HELD ON WEEKENDS OR PUBLIC HOLIDAYS	871.63	923.93

## BUILDING PLANS

DESCRIPTION	TARIFF	TARIFF
	2014/2015	2015/2016
MINIMUM FEE	307.56	326.01
PRELIMINARY PLAN FOR INSPECTION/COMMENT	128.96	136.70
NEW BUILDINGS / ADDITIONS P/M <sup>2</sup>	7.76	8.23
SWIMMING POOLS, TENNIS COURTS, BOUNDARY WALLS AND RETAINING WALLS OVER 2M HIGH	307.54	325.99

ALTERATIONS WITH NO FLOOR AREA INCREASE	307.54	325.99
RE-INSPECTION FEES	153.78	163.01
PLANS WHICH HAVE LAPSED: 50% OF FEES MENTIONED ABOVE	4464.41	4732.27
UNAUTHORIZED BUILDING CONSTRUCTION PENALTY	10000.00	10000.00
COMPLUSORY ON SITE INSPECTION FEE PER INSPECTION I.R.O BUILDING CONSTRUCTION	385.25	408.37
COMPULSORY BUILDING DEPOSIT REFUNDABLE ON APPROVAL	2314.88	2453.77

#### OTHER PLAN AND INSPECTION FEES

DESCRIPTION	TARIFF 2013/2014	TARIFF 2015/2016
SEWER INSPECTION FEES	267.21	283.24
ERCTION OF SIGNS	282.75	299.72
APPLICATION FOR RELAXATION	256.23	271.60
HOSTING OF LIVE MUSIC IN TOWN	826.74	873.16
RENEWAL OF EXISTING BUSINESS LICENSES	371.57	393.86
NEW BUSINESS LICENSES	464.47	492.34
UN APPROVED OR UN AUTHORISED BUSINESS	15000.00	15930.00

## TOWN PLANNING CHARGES

DESCRIPTION	TARIFF 2013/2014	TARIFF 2015/2016
ENCROACHMENT FEES:(STREET VERANDAH'S, BALCONIES AND ENCROACHMENTS) RENTAL PER MONTH	77.72	82.38
REZONING UNDER 1HA	5306.19	5624.56
REZONING 1HA BUT LESS THAN 5HA	6814.00	7222.84
5HA BUT LESS THAN 10HA	7787.91	8255.18
10HA AND OVER	9249.60	9804.58
ADDITIONAL FEE PER HA EXCEEDING 10HA	119.33	126.49
APPLICATION FOR SUBDIVISION OF LAND	1984.19	2103.24
APPLICATION FOR COUNCIL APPROVAL	534.07	566.11

## LOT / PROPERTY CLEARING

DESCRIPTION	TARIFF 2013/2014	TARIFF 2015/2016
GRASS/UNDERGROWTH PER PLOT NOT EXCEEDING 1000SQM	641.55	680.04
FOR EACH 100SQUARE METERES OR PART THEREAFTER	605.24 67.80	641.55 71.87

## PLANNING AND DEVELOPMENT

APPLICATION TYPE	TARIFF 2013/2015	TARIFF 2015/2016
AMENDMENT TO SCHEME	4502.88	4773.05
SPECIAL CONSENT APPLICATION	3377.16	3579.79
SUBDIVISION OF LAND	2251.44	2386.53
CANCELATION OF APPROVED LAYOUT PLAN	4502.88	4773.05
CONSOLIDATION OF LAND	337.72	357.98
PROCESSING DFA APPLICATIONS	4502.88	4773.05
RELAXATION OF BUILDING LINE / SIDE AND REAR SPACES	225.14	238.65
ALTERATION, SUSPENSION AND DELETION OF CONDITIONS OF TITLE RELATING TO LAND	2251.44	2386.53
DEVELOPMENT SITUATED OUTSIDE OF THE AREA OF THE SCHEME	3377.16	3579.79
ALTERATIONS, SUSPENSION AND DELETION OF CONDITIONS RELATING TO LAND	22514.40	23865.26
CLOSURE OF MUNICIPAL ROAD	3377.16	3579.79
CLOSURE OF MUNICIPAL PUBLIC PLACE	3377.16	3579.79
FINE FOR ILLEGAL DEVELOPMENT AND ENCROACHMENT	26550.00	28143.00

## TAXI RANK FEES

<b>DESCRIPTION</b>	<b>TARIFF</b>	<b>TARIFF</b>
	<b>2013/2014</b>	<b>2015/2016</b>
GENERAL MARKET STALLS	49.60	52.58
DESIGNATED COOKING STALLS	82.80	87.77
TAXI RANK LEVIES	165.33	175.25
TAXI RANK PERMIT	100.00	110.00

#### **LIBRARY**

<b>DESCRIPTION</b>	<b>TARIFF</b>	<b>TARIFF</b>
	<b>2014/2015</b>	<b>2015/2016</b>
FINES FOR OVERDUE MATERIALS PER ITEM PER WEEK OR PART THEREOF	2.60	2.75
MEMBERSHIP FEES: MEMBERS RESIDING OUTSIDE MUNICIPAL BOUNDARIES PER MEMBER PER ANNUM	142.20	150.75
PHOTO COPIES		
A4 ( B&W)	2.78	2.95
A3 ( B&W)	3.46	3.65
A4 (COLOUR)	2.98	3.15
A3 (COLOUR)	5.97	6.35

#### **ADMINISTRATION CHARGES**

<b>DESCRIPTION</b>	<b>TARIFF</b>	<b>TARIFF</b>
	<b>2014/2015</b>	<b>2015/2016</b>
VALUATION ROLL PER COPY	52.13	55.26

VOTERS LIST PER COPY	27.19	28.82
VALUATION APPEALS	398.00	421.88
PLANS, DOCUMENTS OR FILES PRODUCED FOR INSPECTION AT THE DISCRETION OF THE MUNICIPAL MANAGER	26.44	28.03
VALUATION ROLL INSPECTION FEES	13.21	14.00
NAME AND ADDRESS PER ENQUIRY OF A RESIDENT OR PROPERTY OWNER	77.71	82.37
SEARCH CARRIED OUT BY A MEMBER OF PUBLIC IN BULK	17.52	18.57
CERTIFIED COPY OF EXTRACT OF MINUTES/HEARING PER 100 WORDS OR PART THEREOF	17.52	18.57
ACCOUNTS AND AUDIT REPORT PER COPY	15.87	16.82
COPY OF BUSINESS LICENSE	17.52	18.57
COMPLETE COPY OF BYLAWS OR PART THEREOF	453.05	480.23
CONSUMER BANK CHARGES: BANK COST(RD – CHEQUES)(PER ACCOUNT) (EFT – REVERSAL)	120.73 246.54	127.97 261.33
PAYMENT TRANSFER REFERENCING ERROR	50.00	50.00
TENDER FEES	300.00	300.00
TRANSFERS INCORRECTLY MADE INTO THE MUNICIPAL BANK ACCOUNT R10000.00 AND LESS	2.5%	2.5%

TRANSFERS INCORRECTLY MADE INTO THE MUNICIPAL BANK ACCOUNT OVER R10000.00	5%	5%
---	----	----

## CERTIFICATES

DESCRIPTION	TARIFF	TARIFF
	2013/2015	2015/2016
VALUATION CERTIFICATE	49.82	225.00
RATES CLEARANCE CERTIFICATE	117.00	225.00

## COMMUNITY HALL USES

DESCRIPTION	DEPOSIT AND TARIFF	DEPOSITS	TARIFF
	2013/2014	2015/2016	2015/2016
AUDITIONS	550.00	300.00	250.00
COMMUNITY ACTIVITY	1000.00	600.00	400.00
DRAMA PRODUCTIONS	700.00	200.00	500.00
COMMUNITY MEETINGS (NOT FUNCTION)	350.00	200.00	150.00
ENGAGEMENTS	350.00	200.00	150.00
FUND RAISING FUNCTIONS	250.00	150.00	100.00
INDOOR SPORT AND RECREATION	350.00	150.00	200.00
MUSICAL PRODUCTIONS	200.00	150.00	100.00

WEDDINGS	700.00	400.00	300.00
POLITICAL MEETINGS		200.00	150.00
CHURCHES		200.00	150.00
SPORTS FIELD(FESTS)		2000.00	3000.00

## TOURISM

DESCRIPTION	TARIFF 2013/2015	TARIFF 2015/2016
COMMISSION LEVIES PERCENTAGE OF TOTAL BOOKING	10%	10%

### 1.3.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6% increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

## 1.4 Operating Expenditure Framework

Okhahlamba expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The budgeted allocation for employee related costs for the 2015/16 financial year totals R43 million, which equals 32% of the total operating expenditure. An annual increase of 7 per cent has been included in the two outer years of the MTREF. As part of Okhahlamba cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. .

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling Okhahlamba Local Municipality budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 15 million for the 2015/16 financial and equates to 11 % of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.5 per cent (R15 million)

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality infrastructure. For 2015/16 the appropriation against this group of expenditure has grown by 6% and continues to grow at 6% for the two outer years

Contracted services has been identified as a cost saving area for the Municipality . As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure has escalated by just 6 %, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 6 %. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out.

#### **1.4.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers.

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipal infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increase by 8 % in the 2015/16 financial year, from R 11 million to R12 million. .

#### **1.4.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipal Indigent Policy. The target is to register 20 000 or more indigent households during the 2015/16 financial year, a process reviewed annually

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **1.5 Capital expenditure**

For 2015/16 an amount of R81 Million has been appropriated for the development of infrastructure which represents 69% of the total capital budget

#### **1.5.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91, It needs to be noted that as part of the 2015/16 MTREF, this expenditure has been factored into the two outer years of the operational budget.

### **1.6 Draft Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

**Table 6 MBRR Table A1 - Budget Summary**

KZN235 Okhahlamba - Table A1 Budget Summary

## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN235 Okhahlamba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12		2012/13		2013/14		Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Revenue - Standard</b>													
<i>Governance and administration</i>		73 094		87 906		157 331	129 610	122 482	122 482	135 627	137 566	136 875	
Executive and council		55 729		64 918		157 331	95 131	79 537	79 537	98 536	98 362	95 335	
Budget and treasury office		17 323		22 965		–	34 479	37 025	37 025	37 048	39 159	41 493	
Corporate services		42		22		–	–	5 920	5 920	42	45	48	
<i>Community and public safety</i>		1 364		2 117		–	2 083	1 953	1 953	1 945	2 053	2 167	
Community and social services		1 364		2 117		–	2 083	1 953	1 953	1 945	2 053	2 167	
Sport and recreation		–		–		–	–	–	–	–	–	–	
Public safety		–		–		–	–	–	–	–	–	–	
Housing		–		–		–	–	–	–	–	–	–	
Health		–		–		–	–	–	–	–	–	–	
<i>Economic and environmental services</i>		20 610		34 100		–	33 803	44 549	44 549	39 537	39 220	40 199	
Planning and development		20 610		34 100		–	33 803	44 549	44 549	39 537	39 220	40 199	
Road transport		–		–		–	–	–	–	–	–	–	
Environmental protection		–		–		–	–	–	–	–	–	–	
<i>Trading services</i>		500		355		–	365	365	365	387	410	435	
Electricity		–		–		–	–	–	–	–	–	–	
Water		–		–		–	–	–	–	–	–	–	
Waste water management		–		–		–	–	–	–	–	–	–	
Waste management		500		355		–	365	365	365	387	410	435	
<i>Other</i>	4	–		–		–	390	129	129	137	145	154	
<b>Total Revenue - Standard</b>	2	95 567		124 477		157 331	166 251	169 479	169 479	177 633	179 394	179 831	
<b>Expenditure - Standard</b>													
<i>Governance and administration</i>		59 529		71 337		103 682	71 843	72 515	72 515	73 149	77 174	81 631	
Executive and council		31 510		39 768		103 682	23 328	24 120	24 120	26 362	27 642	29 215	
Budget and treasury office		5 565		3 854		–	28 495	27 779	27 779	25 262	26 765	28 358	
Corporate services		22 453		27 715		–	20 019	20 616	20 616	21 525	22 766	24 058	
<i>Community and public safety</i>		–		–		–	10 273	17 508	17 508	19 138	20 245	21 407	
Community and social services		–		–		–	10 273	17 508	17 508	19 138	20 245	21 407	
Sport and recreation		–		–		–	–	–	–	–	–	–	
Public safety		–		–		–	–	–	–	–	–	–	
Housing		–		–		–	–	–	–	–	–	–	
Health		–		–		–	–	–	–	–	–	–	
<i>Economic and environmental services</i>		1 600		1 996		–	31 741	33 942	33 942	35 184	37 216	39 335	
Planning and development		1 600		1 996		–	31 741	33 942	33 942	35 184	37 216	39 335	
Road transport		–		–		–	–	–	–	–	–	–	
Environmental protection		–		–		–	–	–	–	–	–	–	
<i>Trading services</i>		–		–		–	–	–	–	–	–	–	
Electricity		–		–		–	–	–	–	–	–	–	
Water		–		–		–	–	–	–	–	–	–	
Waste water management		–		–		–	–	–	–	–	–	–	
Waste management		–		–		–	–	–	–	–	–	–	
<i>Other</i>	4	–		–		–	1 256	1 838	1 838	5 898	1 182	1 247	
<b>Total Expenditure - Standard</b>	3	61 129		73 333		103 682	115 112	125 803	125 803	133 370	135 816	143 620	
<b>Surplus/(Deficit) for the year</b>		34 439		51 144		53 649	51 139	43 675	43 675	44 263	43 578	36 211	

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. .
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

KZN235 Okhahlamba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>										
Vote 1 - Council	1	55 690	64 916	157 331	95 131	79 537	79 537	98 536	98 362	95 335
Vote 2 - Finance		17 323	22 965	-	34 479	37 025	37 025	37 048	39 159	41 493
Vote 3 - Corporate		42	22	-	-	5 920	5 920	42	45	48
Vote 4 - Library		23	33	-	873	891	891	958	1 008	1 061
Vote 5 - Museum		-	-	-	299	151	151	166	175	184
Vote 6 - Traffic		787	765	-	911	911	911	821	870	922
Vote 7 - Technical		20 610	34 100	-	33 803	44 549	44 549	39 537	39 220	40 199
Vote 8 - Tourism		-	-	-	390	129	129	137	145	154
Vote 9 - Refuse Removal		500	355	-	365	365	365	387	410	435
Vote 10 - Municipal Manager		39	2	-	-	-	-	-	-	-
Vote 11 - Social Services		553	1 319	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>95 567</b>	<b>124 477</b>	<b>157 331</b>	<b>166 251</b>	<b>169 479</b>	<b>169 479</b>	<b>177 633</b>	<b>179 394</b>	<b>179 831</b>
<b>Expenditure by Vote to be appropriated</b>										
Vote 1 - Council	1	31 510	39 768	103 682	18 273	18 037	18 037	20 490	21 679	22 924
Vote 2 - Finance		5 565	3 854	-	28 495	27 779	27 779	25 262	26 765	28 358
Vote 3 - Corporate		22 453	27 715	-	20 019	20 616	20 616	21 525	22 766	24 058
Vote 4 - Library		-	-	-	1 075	1 097	1 097	1 161	1 225	1 291
Vote 5 - Museum		-	-	-	453	453	453	479	506	532
Vote 6 - Traffic		-	-	-	3 992	3 333	3 333	3 528	3 726	3 930
Vote 7 - Technical		1 600	1 996	-	31 741	33 942	33 942	35 184	37 216	39 335
Vote 8 - Tourism		-	-	-	1 256	1 838	1 838	5 898	1 182	1 247
Vote 9 - Refuse Removal		-	-	-	-	-	-	-	-	-
Vote 10 - Municipal Manager		-	-	-	5 055	6 082	6 082	5 872	5 964	6 291
Vote 11 - Social Services		-	-	-	4 754	12 626	12 626	13 971	14 788	15 653
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>61 129</b>	<b>73 333</b>	<b>103 682</b>	<b>115 112</b>	<b>125 803</b>	<b>125 803</b>	<b>133 370</b>	<b>135 816</b>	<b>143 620</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>34 439</b>	<b>51 144</b>	<b>53 649</b>	<b>51 139</b>	<b>43 675</b>	<b>43 675</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

KZN235 Okhahlamba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17
<b>Revenue By Source</b>											
Property rates	2	11 927	15 183	22 152	27 566	27 566	27 566	27 566	28 762	30 488	32 317
Property rates - penalties & collection charges		1 978	2 470	3 076	1 823	3 189	3 189	3 189	1 823	1 932	2 048
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	500	355	354	365	365	365	365	387	410	435
Service charges - other											
Rental of facilities and equipment		42	22	4	10	99	99	99	105	111	118
Interest earned - external investments		1 462	2 535	3 530	2 000	2 140	2 140	2 140	2 268	2 404	2 548
Interest earned - outstanding debtors											
Dividends received											
Fines		213	151	577	350	354	354	354	375	397	421
Licences and permits					263	509	509	509	396	420	445
Agency services		508	614	527	861	591	591	591	482	511	541
Transfers recognised - operational		57 908	67 627	74 172	84 307	90 039	90 039	90 039	104 103	102 231	99 411
Other revenue	2	419	787	3 309	16 170	1 385	1 385	1 385	1 476	1 565	1 669
Gains on disposal of PPE				697		228	228	228			
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>74 958</b>	<b>89 744</b>	<b>108 398</b>	<b>133 714</b>	<b>126 465</b>	<b>126 465</b>	<b>126 465</b>	<b>140 177</b>	<b>140 469</b>	<b>139 954</b>
<b>Expenditure By Type</b>											
Employee related costs	2	22 453	27 712	36 291	39 011	41 012	41 012	41 012	43 361	45 525	47 972
Remuneration of councillors		6 333	6 783	7 338	7 154	7 340	7 340	7 340	7 765	8 192	8 627
Debt impairment	3	4 886	3 437	5 338	4 322	4 322	4 322	4 322	2 582	2 737	2 901
Depreciation & asset impairment	2	4 478	5 117	9 594	12 230	12 230	12 230	12 230	12 959	13 716	14 561
Finance charges		679	417	1 117	2 298	2 298	2 298	2 298	487	512	537
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8				694	1 325	1 325	1 325	1 539	1 632	1 730
Contracted services		-	-	1 993	2 871	3 545	3 545	3 545	2 463	2 611	2 768
Transfers and grants		-	663	1 136	7 237	7 237	7 237	7 237	7 671	8 132	8 620
Other expenditure	4, 5	22 299	27 963	40 876	39 295	46 346	46 346	46 346	54 541	52 759	55 906
Loss on disposal of PPE			1 241			149	149	149			
<b>Total Expenditure</b>		<b>61 129</b>	<b>73 333</b>	<b>103 682</b>	<b>115 112</b>	<b>125 803</b>	<b>125 803</b>	<b>125 803</b>	<b>133 370</b>	<b>135 816</b>	<b>143 620</b>
<b>Surplus/(Deficit)</b>		<b>13 829</b>	<b>16 411</b>	<b>4 716</b>	<b>18 602</b>	<b>661</b>	<b>661</b>	<b>661</b>	<b>6 807</b>	<b>4 653</b>	<b>(3 666)</b>
Transfers recognised - capital		20 610	34 733	48 933	32 537	43 014	43 014	43 014	37 456	38 925	39 877
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211
Taxation											
Surplus/(Deficit) after taxation		34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211

**Table 10 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN235 Okhahlamba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Finance		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate		–	–	–	–	–	–	–	–	–	–
Vote 4 - Library		–	–	–	–	–	–	–	–	–	–
Vote 5 - Museum		–	–	–	–	–	–	–	–	–	–
Vote 6 - Traffic		–	–	–	–	–	–	–	–	–	–
Vote 7 - Technical		–	–	–	16 325	18 282	18 282	–	22 825	10 500	10 000
Vote 8 - Tourism		–	–	–	–	–	–	–	–	–	–
Vote 9 - Refuse Removal		–	–	–	–	–	–	–	–	–	–
Vote 10 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 11 - Social Services		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	7	–	–	–	16 325	18 282	18 282	–	22 825	10 500	10 000
<b>Single-year expenditure to be appropriated</b>											
<b>Single 1 - Council</b>	2	19 368	40 806	88 153	8 000	8 000	8 000	–	–	–	–
Vote 2 - Finance		–	–	–	400	–	–	–	150	–	–
Vote 3 - Corporate		–	–	–	–	200	200	–	600	120	85
Vote 4 - Library		–	–	–	–	–	–	–	–	–	–
Vote 5 - Museum		–	–	–	–	–	–	–	–	–	–
Vote 6 - Traffic		–	–	–	–	–	–	–	–	–	–
Vote 7 - Technical		–	–	–	22 687	54 988	54 988	–	31 061	28 425	29 877
Vote 8 - Tourism		–	–	–	–	–	–	–	–	–	–
Vote 9 - Refuse Removal		–	–	–	–	–	–	–	–	–	–
Vote 10 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 11 - Social Services		–	–	–	1 000	596	596	–	5 426	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>	19 368	40 806	88 153	32 087	63 784	63 784	–	37 237	28 545	29 962	
<b>Total Capital Expenditure - Vote</b>	19 368	40 806	88 153	48 412	82 066	82 066	–	60 062	39 045	39 962	
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		9 059	10 273	88 153	8 400	8 200	8 200	8 200	750	620	85
Executive and council		8 431	8 621	88 153	8 000	8 000	8 000	8 000	–	–	–
Budget and treasury office		–	–	–	400	–	–	–	150	–	–
Corporate services		629	1 652	–	–	200	200	200	600	620	85
<b>Community and public safety</b>		102	–	–	1 000	596	596	596	5 426	–	–
Community and social services		102	–	–	1 000	596	596	596	5 426	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		10 207	30 534	–	39 012	73 271	73 271	73 271	53 886	38 425	39 877
Planning and development		10 207	30 534	–	39 012	73 271	73 271	73 271	53 886	38 425	39 877
Road transport		–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		–	–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
<b>Other</b>		–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	3	19 368	40 806	88 153	48 412	82 066	82 066	82 066	60 062	39 045	39 962
<b>Funded by:</b>											
National Government		16 143	28 393	26 453	32 537	34 149	34 149	34 149	37 456	38 925	39 877
Provincial Government		2 435	5 710	22 480	–	8 865	8 865	8 865	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	4	18 578	34 104	48 933	32 537	43 014	43 014	43 014	37 456	38 925	39 877
<b>Public contributions &amp; donations</b>	5	–	–	–	–	–	–	–	–	–	–
<b>Borrowing</b>	6	790	6 703	39 220	15 875	39 052	39 052	39 052	22 606	120	85
<b>Total Capital Funding</b>	7	19 368	40 806	88 153	48 412	82 066	82 066	82 066	60 062	39 045	39 962

**Table 11 MBRR Table A6 - Budgeted Financial Position**

KZN235 Okhahlamba - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>ASSETS</b>											
Current assets											
Cash		40 139	34 525	6 226	8 488	6 226	6 226	6 226	7 708	11 442	16 269
Call investment deposits	1	24 689	44 304	36 573	40 000	600	600	600	12 000	30 000	40 000
Consumer debtors	1	6 072	8 546	3 061	12 500	40 644	40 644	40 644	24 085	19 930	16 366
Other debtors		767	2 911	14 670	2 637	8 134	8 134	8 134	7 320		
Current portion of long-term receivables											
Inv inventory	2										
<b>Total current assets</b>		<b>71 667</b>	<b>90 286</b>	<b>60 529</b>	<b>63 625</b>	<b>55 603</b>	<b>55 603</b>	<b>55 603</b>	<b>51 114</b>	<b>61 372</b>	<b>72 635</b>
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	65 603	98 722	176 322	192 799	195 035	195 035	195 035	221 965	249 660	277 591
Agricultural											
Biological											
Intangible		85	56	517	400	400	400	400	550	550	550
Other non-current assets											
<b>Total non current assets</b>		<b>65 687</b>	<b>98 864</b>	<b>176 839</b>	<b>193 199</b>	<b>195 435</b>	<b>195 435</b>	<b>195 435</b>	<b>222 515</b>	<b>250 210</b>	<b>278 141</b>
<b>TOTAL ASSETS</b>		<b>137 355</b>	<b>189 150</b>	<b>237 368</b>	<b>256 824</b>	<b>251 038</b>	<b>251 038</b>	<b>251 038</b>	<b>273 628</b>	<b>311 582</b>	<b>350 776</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	3 251	4 300	7 551	7 551	7 551	2 568	-	-
Consumer deposits											
Trade and other payables	4	47 249	43 116	32 664	1 500	23 443	23 443	23 443	27 284	24 395	27 555
Provisions											
<b>Total current liabilities</b>		<b>47 249</b>	<b>43 116</b>	<b>35 914</b>	<b>5 800</b>	<b>30 994</b>	<b>30 994</b>	<b>30 994</b>	<b>29 852</b>	<b>24 395</b>	<b>27 555</b>
Non current liabilities											
Borrowing		-	-	12 196	20 143	25 640	25 640	25 640	-	-	-
Provisions		4 605	9 389	5 497	2 637	8 134	8 134	8 134	5 497	5 497	5 497
<b>Total non current liabilities</b>		<b>4 605</b>	<b>9 389</b>	<b>17 693</b>	<b>22 780</b>	<b>33 774</b>	<b>33 774</b>	<b>33 774</b>	<b>5 497</b>	<b>5 497</b>	<b>5 497</b>
<b>TOTAL LIABILITIES</b>		<b>51 854</b>	<b>52 505</b>	<b>53 607</b>	<b>28 580</b>	<b>64 768</b>	<b>64 768</b>	<b>64 768</b>	<b>35 349</b>	<b>29 892</b>	<b>33 052</b>
<b>NET ASSETS</b>	5	<b>85 501</b>	<b>136 645</b>	<b>183 761</b>	<b>228 244</b>	<b>186 270</b>	<b>186 270</b>	<b>186 270</b>	<b>238 280</b>	<b>281 690</b>	<b>317 724</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		85 501	136 645	194 174	228 244	186 270	186 270	186 270	238 280	281 690	317 724
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>85 501</b>	<b>136 645</b>	<b>194 174</b>	<b>228 244</b>	<b>186 270</b>	<b>186 270</b>	<b>186 270</b>	<b>238 280</b>	<b>281 690</b>	<b>317 724</b>

**Table 12 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN235 Okhahlamba - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates, penalties & collection charges		102 932	149 013	25 228	19 643	30 345	30 345	30 345	23 394	24 798	26 285
Service charges				354					368	390	413
Other revenue				22 398					2 670	2 830	3 009
Government - operating	1			74 172	84 307	91 832	91 832	91 832	104 103	102 231	99 411
Government - capital	1				32 537	43 014	43 014	43 014	37 456	38 925	39 877
Interest				3 529	2 000	2 140	2 140	2 140	2 268	2 404	2 548
Dividends									–	–	–
Payments											
Suppliers and employees		(52 672)	(97 679)	(80 124)	(89 025)	(134 603)	(134 603)	(134 603)	(109 776)	(110 832)	(117 121)
Finance charges		(679)	(2 832)	(1 117)	(2 298)	(2 298)	(2 298)	(2 298)	(487)	(512)	(537)
Transfers and Grants	1				(2 124)	(2 124)	(2 124)	(2 124)	(2 251)	(2 387)	(2 530)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>51 044</b>	<b>51 038</b>	<b>44 440</b>	<b>45 040</b>	<b>28 305</b>	<b>28 305</b>	<b>28 305</b>	<b>57 743</b>	<b>57 847</b>	<b>51 357</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									5 000	5 500	6 000
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments					15 862	–	–		–	–	–
Payments											
Capital assets		(19 245)	(40 632)	(88 153)	(48 412)	(62 385)	(62 385)	(62 385)	(60 062)	(39 045)	(39 962)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(19 245)</b>	<b>(40 632)</b>	<b>(88 153)</b>	<b>(32 550)</b>	<b>(62 385)</b>	<b>(62 385)</b>	<b>(62 385)</b>	<b>(55 062)</b>	<b>(33 545)</b>	<b>(33 962)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(1 594)	3 533	7 683	(4 300)	(1 893)	(1 893)	(1 893)	(2 568)	(2 568)	(2 568)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 594)</b>	<b>3 533</b>	<b>7 683</b>	<b>(4 300)</b>	<b>(1 893)</b>	<b>(1 893)</b>	<b>(1 893)</b>	<b>(2 568)</b>	<b>(2 568)</b>	<b>(2 568)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>30 206</b>	<b>13 939</b>	<b>(36 031)</b>	<b>8 190</b>	<b>(35 973)</b>	<b>(35 973)</b>	<b>(35 973)</b>	<b>114</b>	<b>21 734</b>	<b>14 827</b>
Cash/cash equivalents at the year begin:	2	34 622	64 828	78 829	65 388	42 798	42 798	42 798	19 594	19 708	41 442
Cash/cash equivalents at the year end:	2	64 828	78 767	42 798	73 578	6 825	6 825	6 825	19 708	41 442	56 269

**Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN235 Okhahlamba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	64 828	78 767	42 798	73 578	6 825	6 825	6 825	19 708	41 442	56 269
Other current investments > 90 days		(0)	62	–	(25 090)	0	0	0	0	(0)	(0)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>64 828</b>	<b>78 767</b>	<b>42 798</b>	<b>48 488</b>	<b>6 825</b>	<b>6 825</b>	<b>6 825</b>	<b>19 708</b>	<b>41 442</b>	<b>56 269</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		35 344	26 211	10 720	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(33 259)	(70 283)	(6 414)	(4 772)	(20 017)	(20 017)	(20 017)	2 729	8 812	14 758
Other provisions		–	–	–	3 730	7 247	7 247	7 247	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>2 085</b>	<b>(44 072)</b>	<b>4 307</b>	<b>(1 042)</b>	<b>(12 769)</b>	<b>(12 769)</b>	<b>(12 769)</b>	<b>2 729</b>	<b>8 812</b>	<b>14 758</b>
<b>Surplus/(shortfall)</b>		<b>62 742</b>	<b>122 901</b>	<b>38 491</b>	<b>49 530</b>	<b>19 594</b>	<b>19 594</b>	<b>19 594</b>	<b>16 979</b>	<b>32 630</b>	<b>41 511</b>

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. .

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 72 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**Table 14 MBRR Table A9 - Asset Management**

KZN235 Okhahlamba - Table A9 Asset Management

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>CAPITAL EXPENDITURE</b>											
<u><b>Total New Assets</b></u>	1	19 368	40 806	88 153	48 412	82 066	82 066	60 062	38 545	39 962	
Infrastructure - Road transport		-	-	-	20 407	28 057	28 057	26 723	-	-	
Infrastructure - Electricity		-	-	-	6 200	7 600	7 600	10 200	10 000	10 000	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	24 993	83 031	-	11 182	11 182	-	28 425	29 877	
Infrastructure		-	24 993	83 031	26 607	46 839	46 839	36 923	38 425	39 877	
Community		-	-	675	13 405	26 932	26 932	14 233	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets	6	19 368	15 813	4 447	8 000	8 296	8 296	8 756	120	85	
Agricultural Assets		-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	400	-	-	150	-	-	
<u><b>Total Renewal of Existing Assets</b></u>	2	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	
<u><b>Total Capital Expenditure</b></u>	4	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	20 407	28 057	28 057	26 723	-	-	
Infrastructure - Electricity		-	-	-	6 200	7 600	7 600	10 200	10 000	10 000	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	24 993	83 031	-	11 182	11 182	-	28 425	29 877	
Infrastructure		-	24 993	83 031	26 607	46 839	46 839	36 923	38 425	39 877	
Community		-	-	675	13 405	26 932	26 932	14 233	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets	6	19 368	15 813	4 447	8 000	8 296	8 296	8 756	120	85	
Agricultural Assets		-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	400	-	-	150	-	-	
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	19 368	40 806	88 153	48 412	82 066	82 066	60 062	38 545	39 962	
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>											
<u><b>ASSET REGISTER SUMMARY - PPE (WDV)</b></u>	5	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	26 550	68 472	68 472	84 488	73 138	61 107	
Infrastructure - Electricity		-	-	-	6 000	6 467	6 467	16 667	27 167	37 167	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	35 399	54 366	79 640	41 380	41 380	41 380	18 955	47 380	77 257
Infrastructure		-	35 399	54 366	79 640	73 930	116 319	116 319	120 110	147 685	175 531
Community		-	1 161	807	675	7 762	11 312	11 312	25 545	25 595	25 595
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets		-	29 043	43 548	96 006	111 106	67 403	67 403	76 310	76 380	76 465
Agricultural Assets		-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
Intangibles		-	85	56	517	400	400	400	550	550	550
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	65 687	98 778	176 839	193 199	195 435	195 435	222 515	250 210	278 141	
<b>EXPENDITURE OTHER ITEMS</b>											
<u><b>Depreciation &amp; asset impairment</b></u>		4 478	5 117	9 594	12 230	12 230	12 230	12 959	13 716	14 561	
<u><b>Repairs and Maintenance by Asset Class</b></u>	3	1 600	1 999	5 532	10 236	10 236	10 236	9 983	10 582	11 217	
Infrastructure - Road transport		-	-	-	6 000	6 000	6 000	4 805	5 093	5 399	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	6 000	6 000	6 000	4 805	5 093	5 399	
Community		-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Other assets	6, 7	1 600	1 999	5 532	4 236	4 236	4 236	5 178	5 489	5 818	
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		6 078	7 115	15 127	22 466	22 466	22 466	22 942	24 299	25 778	



**Table 15 MBRR Table A10 - Basic Service Delivery Measurement**

KZN235 Okhahlamba - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)										
Other water supply (at least min.service level)										
<b>Minimum Service Level and Above sub-total</b>										
Using public tap (< min.service level)										
Other water supply (< min.service level)										
No water supply										
<b>Below Minimum Service Level sub-total</b>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<b>Minimum Service Level and Above sub-total</b>										
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<b>Below Minimum Service Level sub-total</b>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<b>Minimum Service Level and Above sub-total</b>										
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<b>Below Minimum Service Level sub-total</b>										
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		31	31	31	31	31	31	31	31	31
<b>Minimum Service Level and Above sub-total</b>										
Removed less frequently than once a week		31	31	31	31	31	31	31	31	31
Using communal refuse dump					1	1	1	1	1	1
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal		298	298	313	313	313	313	313	313	313
<b>Below Minimum Service Level sub-total</b>										
<b>Total number of households</b>	5	-	329	329	345	345	345	345	345	345
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)										
<b>Cost of Free Basic Services provided (R'000)</b>										
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		655	1 134	2 124	2 124	2 124	2 251	2 387	2 530	
Refuse (removed once a week)										
<b>Total cost of FBS provided (minimum social package)</b>	-	655	1 134	2 124	2 124	2 124	2 251	2 387	2 530	
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of free services provided (total social package)</b>	-	-	-	8 010	8 010	8 010	8 929	9 465	10 033	

## **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

# **Part 2 – Supporting Documentation**

## **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Finance Portfolio.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule

### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Okhahlamba growth
- Policy priorities and strategic objectives
- Asset maintenance
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 74 and 75 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2015/16 MTREF as tabled before Council on the 17<sup>th</sup> March 2015 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

•

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

### **IDP Strategic Objectives**

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:;
  - o Provide waste removal;
2. Economic growth and development that leads to sustainable job creation by:
  - o Ensuring the is a clear structural plan for the Municipality ;
  - o Ensuring planning processes function in accordance with set timeframes;
  - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - o Effective implementation of the Indigent Policy;
  - o Working with the provincial department of health to provide primary health care services;
  - o Extending waste removal services and ensuring effective city cleansing;
  - o Ensuring all waste water treatment works are operating optimally;
  - o Working with strategic partners such as SAPS to address crime;
  - o Ensuring save working environments by effective enforcement of building and health regulations;
  - o Promote viable, sustainable communities through proper zoning; and
  - o Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - o Optimising effective community participation in the ward committee system; and
  - o Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipal ;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN235 Okhahlamba - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Property rates				11 927	15 183		27 566	27 566	27 566	28 762	30 488	32 317
Property Rates penalties				1 978	2 470		1 823	3 189	3 189	1 823	1 932	2 048
Service charges - refuse revenue							365	365	365	387	410	435
Rental of facilities and equipment				500	355		10	99	99	105	111	118
Interest earned - external investments				42	22		2 000	2 140	2 140	2 268	2 404	2 548
Fines				1 462	2 535		350	354	354	375	397	421
Licences and permits				213	151		263	509	509	396	420	445
Agency services							861	591	591	482	511	541
Transfers recognised - operational				58 416	68 240	74 172	84 307	90 039	90 039	103 619	101 672	107 747
Other revenue				419	787	34 227	16 170	1 385	1 385	1 476	1 565	1 669
Gains on disposal of PPE								228	228			
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	74 958	89 744	108 398	133 714	126 465	126 465	139 693	139 910	148 290

**Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

KZN235 Okhahlamba - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Employee related costs				22 453	27 712		39 011	41 012	41 012	43 361	45 525	47 972	
Remuneration of councillors				6 333	6 783		7 154	7 340	7 340	7 765	8 192	8 627	
Debt impairment				3 437	4 886		4 322	4 322	4 322	2 582	2 737	2 901	
Depreciation & asset impairment				4 161	4 478		12 230	12 230	12 230	12 959	13 716	14 561	
Finance charges				2 832	679		2 298	2 298	2 298	487	512	537	
Other materials							694	1 325	1 325	1 539	1 632	1 730	
Contracted services							2 871	3 545	3 545	3 364	3 566	3 780	
Transfers and grants							7 237	7 237	7 237	7 671	8 132	8 620	
Other expenditure				21 913	28 794	103 682	39 295	46 346	46 346	53 641	51 805	54 894	
Loss on disposal of PPE								149	149				
Allocations to other priorities													
Total Expenditure				1	61 129	73 333	103 682	115 112	125 803	125 803	133 370	135 816	143 620

**Table 18 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

KZN235 Okhahlamba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Vote 1 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Households with access to solid waste</i>	Number of households		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Electrification Own Funded</b>										
<i>Amount spent on electricity supply to Thintwa</i>	Actual Amount spent		4209042.3%	2915892.0%	0.0%	7500000.0%	7500000.0%			
<b>Electrification</b>										
<i>Integrated National Electrification P</i>	Actual amount spent				6000000.0%	6433623.0%	6433623.0%	10000000.0%	10500000.0%	10000000.0%
<b>FBE Access services</b>										
<b>Sub-function 1 - (name)</b>										
<i>Households earning less than R1100 p/m with</i>	Number		1645.0%	1645.0%						
<b>Disater Centre</b>										
<i>Construction of testing/disaster man centre</i>	Rand amount		1221837.0%	7189422.0%	4000000.0%	4000000.0%	4000000.0%	4000000.0%		
<b>Market Stalls</b>										
<i>market stalls</i>	Rand amount			1462582.0%				2000000.0%		
<b>Vote 2 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Construction of side walks</b>										
<i>Side walks</i>	Rand amount			4061399.0%						
<b>Beautification of town entrance</b>										
<i>Insert measure/s description</i>	Rand amount		559606.0%	1694831.0%						
<b>Maswazini Gravel Road</b>										
<i>Insert measure/s description</i>	Rand amount		2199550.0%	2145615.0%						
<b>Road</b>										
<b>Nkomfeni Gravel Road</b>										
<i>Insert measure/s description</i>	Rand Amount			1207504.0%						
<b>Winterton Rank</b>										
<i>Insert measure/s description</i>	Rand amount		1340919.0%	3208681.0%						
<b>Emhlambozini community hall</b>										
<i>Insert measure/s description</i>	Rand amount		1519942.0%	1684295.0%						
<b>Community Hall</b>										
<b>Nokopela community hall</b>										
<b>Jobs created</b>										
<i>job creation</i>	number of job created		60.0%	232.0%	233.0%	233.0%	233.0%			
<b>SMME's &amp; Cops</b>										
<i>Insert measure/s description</i>	No of supported SMME's			28.0%						
<b>Conduct Feasibility Study</b>										
<i>Insert measure/s description</i>	Date of completion of			20 August						
<b>Pauper Burial Services</b>										
<b>Work skills plan</b>										
<i>Trainings</i>	Amount spent	12243200.0%	6359300.0%	9267800.0%	224294.0%	224294.0%	224294.0%	237752.0%	252017.0%	267138.0%
<b>Sports Complex</b>										
<i>And so on for the rest of the Votes</i>	Amount spent				617000.0%	1067000.0%	1067000.0%	1131020.0%	1198881.0%	1270814.0%
<b>Taxi Rank lights</b>										
<i>Bergville taxi rank lights long distance</i>					200000.0%	100000.0%	100000.0%	200000.0%		
<i>And so on for the rest of the Votes</i>										

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative

requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

### **Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 19 MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

**Table 20 MBRR Table SA8 - Performance indicators and benchmarks**

KZN235 Okhahlamba - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.7%	-4.2%	-6.3%	5.7%	3.3%	3.3%	3.3%	2.3%	2.3%	2.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	13.3%	-14.1%	-19.2%	13.4%	11.5%	11.5%	11.5%	8.5%	8.1%	7.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.5	2.1	1.7	11.0	1.8	1.8	1.8	1.7	2.5	2.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days /current liabilities	1.5	2.1	1.2	7.5	1.1	1.1	1.1	1.7	2.5	2.6
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.8	1.2	8.4	0.2	0.2	0.2	0.7	1.7	2.0
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	714.5%	827.5%	100.0%	66.0%	97.5%	97.5%	97.5%	92.9%	92.9%	93.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		714.5%	827.5%	100.0%	66.0%	97.5%	97.5%	97.5%	76.7%	76.7%	76.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.1%	12.8%	16.4%	11.3%	38.6%	38.6%	38.6%	22.4%	14.2%	11.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))				100.0%	95.0%	95.0%	95.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		18.4%	21.5%	51.3%	2.0%	343.5%	343.5%	343.5%	138.4%	58.9%	49.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kt)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/Total Revenue - capital revenue)	30.0%	30.9%	33.5%	29.2%	32.4%	32.4%	32.4%	30.9%	32.4%	34.3%
Remuneration	Total remuneration/Total Revenue - capital revenue)	64.9%	38.4%	0.0%	34.5%	38.2%	38.2%		36.5%	38.2%	40.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.1%	2.2%	5.1%	7.7%	8.1%	8.1%		7.1%	7.5%	8.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	6.9%	6.2%	9.9%	10.9%	11.5%	11.5%	11.5%	9.6%	10.1%	10.8%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	(17.1)	(5.3)	5.4	12.3	12.3	12.3	7.5	7.3	7.5	7.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	47.3%	63.5%	69.3%	50.9%	156.2%	156.2%	156.2%	101.1%	60.5%	46.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	18.7	17.6	6.6	12.7	1.1	1.1	1.1	3.0	6.1	7.9

### **2.3.1 Performance indicators and benchmarks**

#### *2.3.1.1 Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Okhahlamba Local Municipality borrowing strategy is primarily informed by the affordability of debt repayments.

#### *2.3.1.2 Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### *2.3.1.3 Creditors Management*

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Okhahlamba business.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of rates, only registered indigents qualify for the free basic services.

## **2.4 Overview of budget related-policies**

The Municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

#### **2.4.1 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (60 %) of annual billings. Cash flow is assumed to be 60% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **2.4.2 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.4.3 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2016. Year three is an across the board increase of 7 %. The Municipality will provide own funding for the salaries because the circular 7 reflect only 4.5% as the increase for the salaries

#### **2.4.4 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.4.5 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 80% is achieved on operating expenditure and 90% on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

### **2.5 Overview of budget funding**

#### **2.5.1 Operating revenue, Loan and DORA Allocation**

**Table 21 MBRR Table SA 18 - Capital transfers and grant receipts**

KZN235 Okhahlamba - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		56 048	64 794	72 669	83 162	83 162	83 162	103 027	101 099	98 220
Local Government Equitable Share		54 262	62 494	69 129	79 269	79 269	79 269	98 494	98 317	95 287
Finance Management		1 258	1 500	1 650	934	934	934	930	957	1 033
Municipal Systems Improvement		528	800	890	1 800	1 800	1 800	1 800	1 825	1 900
EPWP Incentive				1 000	1 159	1 159	1 159	1 803		
Other transfers/grants [insert description]										
Provincial Government:		-	150	1 209	1 145	997	997	1 076	1 132	1 191
Sport and Recreation			150	150						
Health subsidy				1 059	700	700	700	719	756	795
Spatial planning & Museum					146	146	146	191	201	212
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	5 880	5 880	-	-	-
[insert description]						5 880	5 880			
LGSETA Learnerships										
Total Operating Transfers and Grants	5	56 048	64 944	73 878	84 307	90 039	90 039	104 103	102 231	99 411
<u>Capital Transfers and Grants</u>										
National Government:		19 153	25 094	24 650	32 537	34 149	34 149	37 456	38 925	39 877
Municipal Infrastructure Grant (MIG)		19 153	23 233	24 650	26 537	26 537	26 537	27 456	28 425	29 877
Other capital transfers/grants [Disaster and INEP]			1 861		6 000	7 612	7 612	10 000	10 500	10 000
Provincial Government:		-	10 900	5 000	-	8 865	8 865	-	-	-
Smalltown Relieve & Corridor Development			10 900	5 000		8 865	8 865			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	19 153	35 994	29 650	32 537	43 014	43 014	37 456	38 925	39 877
TOTAL RECEIPTS OF TRANSFERS & GRANTS		75 201	100 938	103 528	116 844	133 053	133 053	141 559	141 156	139 288

## 2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and

- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 22 MBRR Table A7 - Budget cash flow statement**

KZN235 Okhahlamba - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates, penalties & collection charges		102 932	149 013	25 228	19 643	30 345	30 345	30 345	23 394	24 798	26 285
Service charges				354					368	390	413
Other revenue				22 398					2 670	2 830	3 009
Government - operating	1			74 172	84 307	91 832	91 832	91 832	104 103	102 231	99 411
Government - capital	1				32 537	43 014	43 014	43 014	37 456	38 925	39 877
Interest		1 462	2 535	3 529	2 000	2 140	2 140	2 140	2 268	2 404	2 548
Dividends									–	–	–
Payments											
Suppliers and employees		(52 672)	(97 679)	(80 124)	(89 025)	(134 603)	(134 603)	(134 603)	(109 776)	(110 832)	(117 121)
Finance charges		(679)	(2 832)	(1 117)	(2 298)	(2 298)	(2 298)	(2 298)	(487)	(512)	(537)
Transfers and Grants	1				(2 124)	(2 124)	(2 124)	(2 124)	(2 251)	(2 387)	(2 530)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>51 044</b>	<b>51 038</b>	<b>44 440</b>	<b>45 040</b>	<b>28 305</b>	<b>28 305</b>	<b>28 305</b>	<b>57 743</b>	<b>57 847</b>	<b>51 357</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									5 000	5 500	6 000
Decrease (Increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments					15 862	–	–	–	–	–	–
Payments											
Capital assets		(19 245)	(40 632)	(88 153)	(48 412)	(62 385)	(62 385)	(62 385)	(60 062)	(39 045)	(39 962)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(19 245)</b>	<b>(40 632)</b>	<b>(88 153)</b>	<b>(32 550)</b>	<b>(62 385)</b>	<b>(62 385)</b>	<b>(62 385)</b>	<b>(55 062)</b>	<b>(33 545)</b>	<b>(33 962)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(1 594)	3 533	7 683	(4 300)	(1 893)	(1 893)	(1 893)	(2 568)	(2 568)	(2 568)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 594)</b>	<b>3 533</b>	<b>7 683</b>	<b>(4 300)</b>	<b>(1 893)</b>	<b>(1 893)</b>	<b>(1 893)</b>	<b>(2 568)</b>	<b>(2 568)</b>	<b>(2 568)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	2	<b>30 206</b>	<b>13 939</b>	<b>(36 031)</b>	<b>8 190</b>	<b>(35 973)</b>	<b>(35 973)</b>	<b>(35 973)</b>	<b>114</b>	<b>21 734</b>	<b>14 827</b>
Cash/cash equivalents at the year begin:	2	<b>34 622</b>	<b>64 828</b>	<b>78 829</b>	<b>65 388</b>	<b>42 798</b>	<b>42 798</b>	<b>42 798</b>	<b>19 594</b>	<b>19 708</b>	<b>41 442</b>
Cash/cash equivalents at the year end:	2	<b>64 828</b>	<b>78 767</b>	<b>42 798</b>	<b>73 578</b>	<b>6 825</b>	<b>6 825</b>	<b>6 825</b>	<b>19 708</b>	<b>41 442</b>	<b>56 269</b>

### 2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 72 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash.

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

## 2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 23 MBRR SA10 – Funding compliance measurement**

KZN235 Okahlamba Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	64 828	78 767	42 798	73 578	6 825	6 825	6 825	19 708	41 442	56 269
Cash + investments at the yr end less applications - R'000	18(1)b	2	62 742	122 901	38 491	49 530	19 594	19 594	19 594	16 979	32 630	41 511
Cash year end/monthly employee/supplier payments	18(1)b	3	18.7	17.6	6.6	12.7	1.1	1.1	1.1	3.0	6.1	7.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211
Service charge rev % change - macro CPIX target exclusive	18(1)a.(2)	5	N.A.	19.0%	36.1%	10.3%	(1.4%)	(6.0%)	(6.0%)	(6.5%)	0.0%	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a.(2)	6	660.4%	761.0%	159.9%	41.4%	89.1%	89.1%	89.1%	78.2%	78.2%	78.2%
Debt impairment expense as a % of total billable revenue	18(1)a.(2)	7	33.9%	19.1%	20.9%	14.5%	13.9%	13.9%	13.9%	8.3%	8.3%	8.3%
Capital payments % of capital expenditure	18(1)c:19	8	99.4%	99.6%	100.0%	100.0%	76.0%	76.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	67.5%	54.8%	(14.6%)	222.2%	0.0%	0.0%	(35.6%)	(36.5%)	(17.9%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.4%	2.0%	3.1%	5.3%	5.2%	5.2%	5.1%	4.5%	4.2%	4.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### 2.5.4.1 Cash/cash equivalent position

The Municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

### 2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

### 2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due

### 2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources

consumed each year. An ‘adjusted’ surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2015/16 MTREF the indicative outcome is a surplus of R6 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in ‘revenue’, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 6%). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6% for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent, with the increase in electricity at 19 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are ‘collected’. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95.2, 95.3 and 95.6% for each of the respective financial years. Given that the assumed collection rate was based on a 95 % performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.1, 4.0 and 4.0 %over the MTREF. Considering the debt incentive scheme and the municipality’s revenue management strategy’s objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.5.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 9 per cent of own funded capital

#### *2.5.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.5.4.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipal policy of settling debtors accounts within 30 days.

#### *2.5.4.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### *2.5.4.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## 2.6 Expenditure on grants and reconciliations of unspent funds

**Table 24 MBRR SA19 - Expenditure on transfers and grant programmes**

KZN235 Okhahlamba - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<b>EXPENDITURE:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
National Government:		54 262	65 150	72 669	83 162	83 162	83 162	103 027	101 099	98 220
Local Government Equitable Share		54 262	62 494	69 129	79 269	79 269	79 269	98 494	98 317	95 287
Finance Management			1 667	1 650	934	934	934	930	957	1 033
Municipal Systems Improvement			988	890	1 800	1 800	1 800	1 800	1 825	1 900
EPWP Incentive				1 000	1 159	1 159	1 159	1 803		
Other transfers/grants [insert description]										
Provincial Government:		-	145	-	1 145	997	997	1 076	1 132	1 191
Sport and Recreation					700	700	700	719	756	795
Health subsidy					146	146	146	191	201	212
MPCC Grant			145		299	151	151	166	175	184
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	5 880	5 880	-	-	-
[insert description]						5 880	5 880			
<b>Total operating expenditure of Transfers and Grants</b>		54 262	65 294	72 669	84 307	90 039	90 039	104 103	102 231	99 411
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		-	-	-	32 537	34 149	34 149	37 456	38 925	39 877
Municipal Infrastructure Grant (MIG)					26 537	26 537	26 537	27 456	28 425	29 877
Other capital transfers/grants [Disaster and INEP]					6 000	6 000	6 000	10 000	10 500	10 000
Other capital transfers/grants [Disaster and INEP]						1 612	1 612			
Provincial Government:		-	-	-	-	8 865	8 865	-	-	-
Smalltown Relieve & Corridor Development						8 865	8 865			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	32 537	43 014	43 014	37 456	38 925	39 877
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		54 262	65 294	72 669	116 844	133 053	133 053	141 559	141 156	139 288

**Table 25 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

KZN235 Okhahlamba - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework					
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand													
<u>Operating transfers and grants:</u>	1,3												
National Government:													
Balance unspent at beginning of the year													
Current year receipts							1 000						
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities													
Provincial Government:													
Balance unspent at beginning of the year							11 721						
Current year receipts							444						
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities							11 639						
District Municipality:													
Balance unspent at beginning of the year													
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities													
Other grant providers:													
Balance unspent at beginning of the year													
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities													
<b>Total operating transfers and grants revenue</b>							12 639						
<b>Total operating transfers and grants - CTBM</b>	2						526						
<u>Capital transfers and grants:</u>	1,3												
National Government:													
Balance unspent at beginning of the year							5 432						
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities							1 803						
Provincial Government:													
Balance unspent at beginning of the year							3 629						
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities							9 058						
District Municipality:													
Balance unspent at beginning of the year							5 000						
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities							(8 422)						
Other grant providers:													
Balance unspent at beginning of the year							22 480						
Current year receipts													
<b>Conditions met - transferred to revenue</b>													
Conditions still to be met - transferred to liabilities													
<b>Total capital transfers and grants revenue</b>							(6 619)						
<b>Total capital transfers and grants - CTBM</b>	2						26 109						
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>							6 020						
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>							26 635						

## 2.7 Councillor and employee benefits

**Table 26 MBRR SA22 - Summary of councillor and staff benefits**

KZN235 Okhahlamba - Supporting Table SA22 Summary councillor and staff benefits

**Table 27 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

KZN235 Okhahlamba - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.					2.
<b>Councillors</b>	3						
Speaker	4	718 495		24 468			742 963
Chief Whip							–
Executive Mayor		718 495		24 468			742 963
Deputy Executive Mayor		574 796		24 468			599 264
Executive Committee		1 141 757		46 128			1 187 885
Total for all other councillors		4 462 525					4 462 525
<b>Total Councillors</b>	8	–	7 616 068	–	119 532		7 735 600
<b>Senior Managers of the Municipality</b>	5						
Municipal Manager (MM)		821 476		154 080	128 495		1 104 051
Chief Finance Officer		549 794		284 483	109 887		944 164
Director Social		564 636		269 640	109 887		944 163
Director Technical		479 378		354 899	109 887		944 164
Director Corporate		564 636		141 240	109 887		815 763
<i>List of each official with packages &gt;= senior manager</i>							–
							–
							–

**(Note that National Treasury has deliberately left the above table blank so as not to appear to be setting benchmarks for acceptable remuneration levels for the relevant positions. Municipalities MUST, however, provide the required information as applicable to their municipalities)**

**Table 28 MBRR SA24 – Summary of personnel numbers**

KZN235 Okhahlamba - Supporting Table SA24 Summary of personnel numbers

Number	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16			
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)		4	28		28	28		28	28		28
Board Members of municipal entities											
<b>Municipal employees</b>		5									
Municipal Manager and Senior Managers		3	4		4	4		4	5		5
Other Managers		7	5	4	1	5	4	1	9	7	2
Professionals			167	130	37	165	130	35	303	204	99
<i>Finance</i>			23	17	6	23	17	6	35	24	11
<i>Spatial/town planning</i>			1	1	–	1	1	–			
<i>Information Technology</i>			2	–	2				2	2	
<i>Roads</i>											
<i>Electricity</i>											
<i>Water</i>											
<i>Sanitation</i>											
<i>Refuse</i>			83	73	10	83	73	10	94	75	19
<i>Other</i>			58	39	19	58	39	19	172	103	69
Technicians			–	–	–	–	–	–	–	–	–
<i>Finance</i>											
<i>Spatial/town planning</i>											
<i>Information Technology</i>											
<i>Roads</i>											
<i>Electricity</i>											
<i>Water</i>											
<i>Sanitation</i>											
<i>Refuse</i>											
<i>Other</i>											
Clerks (Clerical and administrative)											
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
<b>TOTAL PERSONNEL NUMBERS</b>	9	204	134	70	202	134	68	345	211	134	
% increase					(1.0%)	–	(2.9%)	70.8%	57.5%	97.1%	
Total municipal employees headcount	6, 10										
Finance personnel headcount	8, 10										
Human Resources personnel headcount	8, 10										

## 2.8 Monthly targets for revenue, expenditure and cash flow

**Table 29 MBRR SA25 - Budgeted monthly revenue and expenditure**

KZN235 Okhahlamba - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description R thousand	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Revenue By Source</b>																	
Property rates		2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	2 397	28 762	30 488	32 317	
Property rates - penalties & collection charges		152	152	152	152	152	152	152	152	152	152	152	152	1 823	1 932	2 048	
Service charges - electricity revenue														-	-	-	
Service charges - water revenue														-	-	-	
Service charges - sanitation revenue														-	-	-	
Service charges - refuse revenue		32	32	32	32	32	32	32	32	32	32	32	32	387	410	435	
Service charges - other		4	8	10	9	9	9	9	9	9	9	9	9	105	111	118	
Rental of facilities and equipment		135	135	190	225	229	190	255	203	176	169	182	181	2 268	2 404	2 548	
Interest earned - external investments														-	-	-	
Interest earned - outstanding debtors														-	-	-	
Dividends received														-	-	-	
Fines		23	34	44	29	30	23	18	25	11	53	53	32	375	397	421	
Licences and permits		11	21	23	46	29	59	39	39	23	23	23	64	396	420	445	
Agency services		53	69	39	25	43	30	21	43	43	43	43	32	482	511	541	
Transfers recognised - operational		34 000			32 500				37 119				484	104 103	102 231	99 411	
Other revenue		40	123	90	121	90	108	149	159	116	126	163	194	1 476	1 565	1 669	
Gains on disposal of PPE														-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>36 847</b>	<b>2 970</b>	<b>2 975</b>	<b>3 036</b>	<b>35 510</b>	<b>3 000</b>	<b>3 071</b>	<b>3 058</b>	<b>40 078</b>	<b>3 004</b>	<b>3 053</b>	<b>3 576</b>	<b>140 177</b>	<b>140 469</b>	<b>139 954</b>	
<b>Expenditure By Type</b>																	
Employee related costs		3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	43 361	45 525	47 972	
Remuneration of councillors		647	647	647	647	647	647	647	647	647	647	647	647	7 765	8 192	8 627	
Debt impairment														2 582	2 582	2 901	
Depreciation & asset impairment														12 959	12 959	13 716	
Finance charges		1 993	31	31	31	31	31	31	31	31	31	31	(1 819)	487	512	537	
Bulk purchases														-	-	-	
Other materials		33	56	126	190	254	49	39	90	186	236	89	194	1 539	1 632	1 730	
Contracted services		280	280	280	280	280	280	280	280	280	280	280	(620)	2 463	2 611	2 768	
Transfers and grants		639	639	639	639	639	639	639	639	639	639	639	640	7 671	8 132	8 620	
Other expenditure		4 160	6 959	3 595	6 855	3 796	5 765	4 257	3 260	3 987	3 589	3 800	4 519	54 541	52 759	55 906	
<b>Total Expenditure</b>		<b>11 365</b>	<b>12 226</b>	<b>8 932</b>	<b>12 256</b>	<b>9 261</b>	<b>11 026</b>	<b>9 507</b>	<b>8 561</b>	<b>9 384</b>	<b>9 037</b>	<b>9 100</b>	<b>22 716</b>	<b>133 370</b>	<b>135 816</b>	<b>143 620</b>	
<b>Surplus/(Deficit)</b>		<b>25 482</b>	<b>(9 256)</b>	<b>(5 957)</b>	<b>(9 220)</b>	<b>26 249</b>	<b>(8 026)</b>	<b>(6 436)</b>	<b>(5 503)</b>	<b>30 694</b>	<b>(6 033)</b>	<b>(6 047)</b>	<b>(19 139)</b>	<b>6 807</b>	<b>4 653</b>	<b>(3 666)</b>	
Transfers recognised - capital		17 300					12 000			8 156				-	37 456	38 925	39 877
Contributions recognised - capital														-	-	-	
Contributed assets														-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>42 782</b>	<b>(9 256)</b>	<b>(5 957)</b>	<b>(9 220)</b>	<b>26 249</b>	<b>3 974</b>	<b>(6 436)</b>	<b>(5 503)</b>	<b>38 850</b>	<b>(6 033)</b>	<b>(6 047)</b>	<b>(19 139)</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>	
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>42 782</b>	<b>(9 256)</b>	<b>(5 957)</b>	<b>(9 220)</b>	<b>26 249</b>	<b>3 974</b>	<b>(6 436)</b>	<b>(5 503)</b>	<b>38 850</b>	<b>(6 033)</b>	<b>(6 047)</b>	<b>(19 139)</b>	<b>44 263</b>	<b>43 578</b>	<b>36 211</b>	

**Table 30 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

KZN235 Okhahlamba - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Revenue by Vote</b>																	
Vote 1 - Council		32 670	5	5	5	30 530	5	5	5	34 810	5	5	489	98 536	98 362	95 335	
Vote 2 - Finance		4 356	6 070	3 382	2 419	2 427	2 432	2 426	2 497	2 807	2 392	2 356	3 488	37 048	39 159	41 493	
Vote 3 - Corporate			4	4	4	4	4	4	4	4	4	4	4	42	45	48	
Vote 4 - Library			4	911	4	4	4	4	4	4	4	4	4	958	1 008	1 061	
Vote 5 - Museum				166										166	175	184	
Vote 6 - Traffic			68	47	58	77	48	88	103	68	68	68	59	821	870	922	
Vote 7 - Technical			19 856	2 803	160	183	8 256	146	756	136	6 525	226	100	391	39 537	39 220	40 199
Vote 8 - Tourism			6	7	9	11	6	15	14	9	14	11	9	26	137	145	154
Vote 9 - Refuse Removal			32	32	32	32	32	32	32	32	32	32	32	387	410	435	
Vote 10 - Municipal Manager														—	—	—	
Vote 11 - Social Services														—	—	—	
Vote 12 - [NAME OF VOTE 12]														—	—	—	
Vote 13 - [NAME OF VOTE 13]														—	—	—	
Vote 14 - [NAME OF VOTE 14]														—	—	—	
Vote 15 - [NAME OF VOTE 15]														—	—	—	
<b>Total Revenue by Vote</b>		56 992	10 044	3 654	2 733	41 307	2 725	3 343	2 755	44 264	2 742	2 579	4 494	177 633	179 394	179 831	
<b>Expenditure by Vote to be appropriated</b>																	
Vote 1 - Council		1 721	1 500	1 026	2 025	2 260	1 500	1 500	1 986	1 786	1 986	1 986	1 215	20 490	21 679	22 924	
Vote 2 - Finance		1 895	2 033	986	1 669	1 459	2 124	3 026	1 257	1 893	2 257	4 322	2 342	25 262	26 765	28 358	
Vote 3 - Corporate		1 859	1 726	2 025	1 658	1 426	955	1 896	1 896	1 896	1 896	1 896	2 398	21 525	22 766	24 058	
Vote 4 - Library		97	97	97	97	97	97	97	97	97	97	97	96	1 161	1 225	1 291	
Vote 5 - Museum		40	40	40	40	40	40	40	40	40	40	40	40	479	506	532	
Vote 6 - Traffic		180	215	294	209	269	359	390	289	249	329	370	377	3 528	3 726	3 930	
Vote 7 - Technical		2 257	1 990	4 062	3 326	1 990	3 597	4 570	3 626	2 246	2 366	2 686	2 469	35 184	37 216	39 335	
Vote 8 - Tourism		454	529	490	501	454	556	484	454	454	454	480	591	5 898	1 182	1 247	
Vote 9 - Refuse Removal														—	—	—	
Vote 10 - Municipal Manager		386	336	459	559	397	459	459	459	459	459	459	978	5 872	5 964	6 291	
Vote 11 - Social Services		429	654	1 030	1 453	1 029	957	1 453	1 453	1 453	1 453	1 453	1 156	13 971	14 788	15 653	
<b>Total Expenditure by Vote</b>		9 318	9 119	10 508	11 537	9 419	10 644	13 913	11 555	10 571	11 335	13 787	11 664	133 370	135 816	143 620	
<b>Surplus/(Deficit) before assoc.</b>		47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263	43 578	36 211	
Taxation													—	—	—	—	
Attributable to minorities													—	—	—	—	
Share of surplus/ (deficit) of associate													—	—	—	—	
<b>Surplus/(Deficit)</b>	1	47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263	43 578	36 211	

**Table 31 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

KZN235 Okhahlamba - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																	
<i>Governance and administration</i>		37 026	6 078	3 390	2 427	32 961	2 440	2 434	2 505	37 620	2 400	2 365	3 981	135 627	137 566	136 875	
Executive and council		32 670	5	5	5	30 530	5	5	5	34 810	5	5	489	98 536	98 362	95 335	
Budget and treasury office		4 356	6 070	3 382	2 419	2 427	2 432	2 426	2 497	2 807	2 392	2 356	3 488	37 048	39 159	41 493	
Corporate services		4	4	4	4	4	4	4	4	4	4	4	4	42	45	48	
<i>Community and public safety</i>		79	1 131	72	91	58	108	121	82	86	84	82	(48)	1 945	2 053	2 167	
Community and social services		79	1 131	72	91	58	108	121	82	86	84	82	(48)	1 945	2 053	2 167	
Sport and recreation														—	—	—	
Public safety														—	—	—	
Housing														—	—	—	
Health														—	—	—	
<i>Economic and environmental services</i>		19 856	2 803	160	183	8 256	146	756	136	6 525	226	100	391	39 537	39 220	40 199	
Planning and development		19 856	2 803	160	183	8 256	146	756	136	6 525	226	100	391	39 537	39 220	40 199	
Road transport														—	—	—	
Environmental protection														—	—	—	
<i>Trading services</i>		32	32	32	32	32	32	32	32	32	32	32	32	387	410	435	
Electricity														—	—	—	
Water														—	—	—	
Waste water management														—	—	—	
Waste management														—	—	—	
<i>Other</i>		32	32	32	32	32	32	32	32	32	32	32	32	387	410	435	
<b>Total Revenue - Standard</b>		56 992	10 044	3 654	2 733	41 307	2 725	3 343	2 755	44 264	2 742	2 579	4 494	177 633	179 394	179 831	
<b>Expenditure - Standard</b>																	
<i>Governance and administration</i>		5 861	5 594	4 496	5 911	5 542	5 039	6 881	5 597	6 033	6 597	8 663	6 934	73 149	77 174	81 631	
Executive and council		2 107	1 836	1 485	2 584	2 657	1 960	1 960	2 445	2 245	2 445	2 445	2 194	26 362	27 642	29 215	
Budget and treasury office		1 895	2 033	986	1 669	1 459	2 124	3 026	1 257	1 893	2 257	4 322	2 342	25 262	26 765	28 358	
Corporate services		1 859	1 726	2 025	1 658	1 426	955	1 896	1 896	1 896	1 896	1 896	2 398	21 525	22 766	24 058	
<i>Community and public safety</i>		1 199	1 535	1 950	2 300	1 888	2 008	2 463	2 332	2 292	2 372	2 438	(3 637)	19 138	20 245	21 407	
Community and social services		1 199	1 535	1 950	2 300	1 888	2 008	2 463	2 332	2 292	2 372	2 438	(3 637)	19 138	20 245	21 407	
Sport and recreation														—	—	—	
Public safety														—	—	—	
Housing														—	—	—	
Health														—	—	—	
<i>Economic and environmental services</i>		2 257	1 990	4 062	3 326	1 990	3 597	4 570	3 626	2 246	2 366	2 686	2 469	35 184	37 216	39 335	
Planning and development		2 257	1 990	4 062	3 326	1 990	3 597	4 570	3 626	2 246	2 366	2 686	2 469	35 184	37 216	39 335	
Road transport														—	—	—	
Environmental protection														—	—	—	
<i>Trading services</i>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Electricity														—	—	—	
Water														—	—	—	
Waste water management														—	—	—	
Waste management														—	—	—	
<i>Other</i>														5 898	5 898	1 182	1 247
<b>Total Expenditure - Standard</b>		9 318	9 119	10 508	11 537	9 419	10 644	13 913	11 555	10 571	11 335	13 787	11 664	133 370	135 816	143 620	
<b>Surplus/(Deficit) before assoc.</b>		47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263	43 578	36 211	
Share of surplus/ (deficit) of associate														—	—	—	
<b>Surplus/(Deficit)</b>	1	47 675	925	(6 854)	(8 804)	31 887	(7 919)	(10 570)	(8 800)	33 693	(8 593)	(11 208)	(7 170)	44 263	43 578	36 211	



**Table 32 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

KZN235 Okhahlamba - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework														
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18												
<u>Multi-year expenditure to be appropriated</u>	1													22 825	22 825	10 500	10 000											
Vote 1 - Council														-	-	-	-											
Vote 2 - Finance														-	-	-	-											
Vote 3 - Corporate														-	-	-	-											
Vote 4 - Library														-	-	-	-											
Vote 5 - Museum														-	-	-	-											
Vote 6 - Traffic														-	-	-	-											
Vote 7 - Technical														22 825	22 825	10 500	10 000											
Vote 8 - Tourism														-	-	-	-											
Vote 9 - Refuse Removal														-	-	-	-											
Vote 10 - Municipal Manager														-	-	-	-											
Vote 11 - Social Services														-	-	-	-											
Vote 12 - [NAME OF VOTE 12]														-	-	-	-											
Vote 13 - [NAME OF VOTE 13]														-	-	-	-											
Vote 14 - [NAME OF VOTE 14]														-	-	-	-											
Vote 15 - [NAME OF VOTE 15]														-	-	-	-											
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	22 825	22 825	10 500	10 000											
<u>Single-year expenditure to be appropriated</u>																												
Vote 1 - Council														-	-	-	-											
Vote 2 - Finance														-	150	-	-											
Vote 3 - Corporate														-	600	120	85											
Vote 4 - Library														-	-	-	-											
Vote 5 - Museum														-	-	-	-											
Vote 6 - Traffic														-	-	-	-											
Vote 7 - Technical														1 895	2 025	2 588	2 116	1 805	2 588	2 588	2 879	2 659	3 026	2 690	4 201	31 061	28 425	29 877
Vote 8 - Tourism														150	600	1 500	3 926	1 500	2 588	2 588	2 879	2 659	3 026	2 690	4 201	-	-	-
Vote 9 - Refuse Removal														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - Municipal Manager														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Social Services														-	-	5 426	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]														-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Capital single-year expenditure sub-total</b>	2	1 895	2 025	7 265	3 616	1 805	2 588	2 588	2 879	2 659	3 026	2 690	4 201	37 237	28 545	29 962												
<b>Total Capital Expenditure</b>	2	1 895	2 025	7 265	3 616	1 805	2 588	2 588	2 879	2 659	3 026	2 690	27 026	60 062	39 045	39 962												

**Table 33 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

KZN235 Okhahlamba - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Capital Expenditure - Standard</b>	1	-	-	750	-	-	-	-	-	-	-	-	-	750	620	85	
<b>Governance and administration</b>														-	-	-	
Executive and council														-	-	-	
Budget and treasury office				150										150	-	-	
Corporate services				600										600	620	85	
<b>Community and public safety</b>		-	-	3 926	1 500	-	-	-	-	-	-	-	-	5 426	-	-	
Community and social services				3 926	1 500									5 426	-	-	
Sport and recreation														-	-	-	
Public safety														-	-	-	
Housing														-	-	-	
Health														-	-	-	
<b>Economic and environmental services</b>		1 895	2 025	2 588	2 116	1 805	2 588	2 588	2 879	2 659	3 026	2 690	27 026	53 886	38 425	39 877	
Planning and development		1 895	2 025	2 588	2 116	1 805	2 588	2 588	2 879	2 659	3 026	2 690	27 026	53 886	38 425	39 877	
Road transport														-	-	-	
Environmental protection														-	-	-	
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity														-	-	-	
Water														-	-	-	
Waste water management														-	-	-	
Waste management														-	-	-	
<b>Other</b>														-	-	-	
<b>Total Capital Expenditure - Standard</b>	2	1 895	2 025	7 265	3 616	1 805	2 588	2 588	2 879	2 659	3 026	2 690	27 026	60 062	39 045	39 962	
<b>Funded by:</b>																	
National Government		1 895	2 025	2 588	2 116	1 805	2 588	2 588	2 879	2 659	3 026	2 690	10 596	37 456	38 925	39 877	
Provincial Government														-	-	-	
District Municipality														-	-	-	
Other transfers and grants														-	-	-	
Transfers recognised - capital		1 895	2 025	2 588	2 116	1 805	2 588	2 588	2 879	2 659	3 026	2 690	10 596	37 456	38 925	39 877	
Public contributions & donations														-	-	-	
Borrowing														-	-	-	
Internally generated funds				4 676	1 500									16 430	22 606	120	85
<b>Total Capital Funding</b>		1 895	2 025	7 265	3 616	1 805	2 588	2 588	2 879	2 659	3 026	2 690	27 026	60 062	39 045	39 962	

**Table 34 MBRR SA30 - Budgeted monthly cash flow**

KZN235 Okhahlamba - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand												Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
	July	August	Sept.	October	November	December	January	February	March	April	May	June	1	21 571	22 866	24 238
<b>Cash Receipts By Source</b>																
Property rates	2 800	1 658	1 600	1 895	2 500	1 598	1 598	1 598	1 598	1 598	1 598	1 532	21 571	22 866	24 238	
Property rates - penalties & collection charges	152	152	152	152	152	152	152	152	152	152	152	152	1 823	1 932	2 048	
Service charges - electricity revenue													–			
Service charges - water revenue													–			
Service charges - sanitation revenue													–			
Service charges - refuse revenue	31	31	31	31	31	31	31	31	31	31	31	31	368	390	413	
Service charges - other													–			
Rental of facilities and equipment	2	2	4	11	6	7	2	3	5	10	2	2	52	56	59	
Interest earned - external investments	45	150	148	359	121	405	115	118	135	428	120	124	2 268	2 404	2 548	
Interest earned - outstanding debtors													–			
Dividends received													–			
Fines	13	14	29	18	25	48	56	23	18	63	18	31	356	378	400	
Licences and permits	10	11	25	29	34	59	17	15	75	35	29	40	377	399	423	
Agency services	45	48	39	42	55	68	57	28	20	20	28	32	482	511	541	
Transfer receipts - operational	34 631	2 441			33 433	166		601	32 831			–	104 103	102 231	99 411	
Other revenue	34	198	89	88	225	98	101	89	238	95	70	78	1 403	1 487	1 585	
<b>Cash Receipts by Source</b>	<b>37 762</b>	<b>4 704</b>	<b>2 116</b>	<b>2 623</b>	<b>36 580</b>	<b>2 631</b>	<b>2 127</b>	<b>2 657</b>	<b>35 102</b>	<b>2 431</b>	<b>2 047</b>	<b>2 023</b>	<b>132 802</b>	<b>132 652</b>	<b>131 667</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	13 152	3 000	3 000			9 152			9 152			–	37 456	38 925	39 877	
Contributions recognised - capital & Contributed assets													–			
Proceeds on disposal of PPE													–			
Short term loans													–			
Borrowing long term/refinancing													–			
Increase (decrease) in consumer deposits													–			
Decrease (Increase) in non-current debtors													–			
Decrease (increase) other non-current receivables													–			
Decrease (increase) in non-current investments													–			
<b>Total Cash Receipts by Source</b>	<b>50 914</b>	<b>7 704</b>	<b>5 116</b>	<b>2 623</b>	<b>38 080</b>	<b>12 783</b>	<b>2 627</b>	<b>3 407</b>	<b>44 854</b>	<b>2 681</b>	<b>2 247</b>	<b>2 223</b>	<b>175 258</b>	<b>177 077</b>	<b>177 544</b>	
<b>Cash Payments by Type</b>																
Employee related costs	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	3 613	43 361	45 525	47 972	
Remuneration of councillors	647	647	647	647	647	647	647	647	647	647	647	647	7 765	8 192	8 627	
Finance charges													487	512	537	
Bulk purchases - Electricity													–			
Bulk purchases - Water & Sewer													–			
Other materials	35	69	115	75	275	75	90	75	325	75	75	256	1 539	1 632	1 730	
Contracted services	280	280	280	280	280	280	280	280	280	280	280	280	3 364	3 566	3 780	
Transfers and grants - other municipalities													–			
Transfers and grants - other	188	188	188	188	188	188	188	188	188	188	188	188	2 251	2 387	2 530	
Other expenditure													53 747	53 747	55 013	
<b>Cash Payments by Type</b>	<b>4 763</b>	<b>4 797</b>	<b>4 843</b>	<b>4 803</b>	<b>5 003</b>	<b>4 803</b>	<b>4 818</b>	<b>4 803</b>	<b>5 053</b>	<b>4 803</b>	<b>4 803</b>	<b>59 218</b>	<b>112 515</b>	<b>113 730</b>	<b>120 188</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	2 500	3 000	4 580	6 000	6 500	10 500	2 800	7 500	4 000	5 000	3 500	4 182	60 062	39 045	39 75	
Repayment of borrowing	2 568												–	2 568	2 568	2 568
Other Cash Flows/Payments													–			
<b>Total Cash Payments by Type</b>	<b>9 831</b>	<b>7 797</b>	<b>9 423</b>	<b>10 803</b>	<b>11 503</b>	<b>15 303</b>	<b>7 618</b>	<b>12 303</b>	<b>9 053</b>	<b>9 803</b>	<b>8 303</b>	<b>63 401</b>	<b>175 145</b>	<b>155 343</b>	<b>162 717</b>	

## **2.9 Draft Annual budgets and SDBIPs – internal departments**

### **2.10 Contracts having future budgetary implications**

In terms of the Okhahlamba Local Municipality Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

### **2.11 Capital expenditure details**

The following three tables present details of the Municipal capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 35 MBRR SA 34a - Capital expenditure on new assets by asset class**

KZN235 Okhahlamba - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome						Budget Year +1 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	24 993	83 031	26 607	46 839	46 839	36 923	38 425	39 877
Infrastructure - Road transport		-	-	-	20 407	28 057	28 057	26 723	-	-
Roads, Pavements & Bridges					20 407	28 057	28 057	26 723		
Storm water										
Infrastructure - Electricity		-	-	-	6 200	7 600	7 600	10 200	10 000	10 000
Generation						6 000	7 500	7 500	10 000	10 000
Transmission & Reticulation					200	100	100	200		
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	24 993	83 031	-	11 182	11 182	-	28 425	29 877
Waste Management										
Transportation	2									
Gas										
Other	3		24 993	83 031		11 182	11 182		28 425	29 877
<b>Community</b>		-	-	675	13 405	26 932	26 932	14 233	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8			675	500	750	750	500		
Other					5 000	16 077	16 077	11 000		
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		19 368	15 813	4 447	8 000	8 296	8 296	8 756	120	85
General vehicles				3 558	500	496	496	230		
Specialised vehicles	10	-	-	-	-	-	-	6 500	-	-
Plant & equipment			470	889						
Computers - hardware/equipment			422							
Furniture and other office equipment			760			200	200	600	120	85
Abattoirs										
Markets										
Civic Land and Buildings						7 500	7 500	7 500		
Other Buildings										
Other Land			500							
Surplus Assets - (Investment or Inventory)										
Other		19 368	13 662			100	100	1 426		
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	400	-	-	150	-	-
Computers - software & programming					400	-	-	150		
Other ( <i>list sub-class</i> )										78
<b>Total Capital Expenditure on new assets</b>	1	19 368	40 806	88 153	48 412	82 066	82 066	60 062	38 545	39 962

**Table 36 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

**Table 37 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN235 Okhahlamba - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	6 000	6 000	6 000	4 805	5 093	5 399
Infrastructure - Road transport		-	-	-	6 000	6 000	6 000	4 805	5 093	5 399
Roads, Pavements & Bridges					6 000	6 000	6 000	4 805	5 093	5 399
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		1 600	1 999	5 532	4 236	4 236	4 236	5 178	5 489	5 818
General vehicles					1 649	1 649	1 649	200	212	225
Specialised vehicles	10	-	-	-	-	-	-	1 616	1 713	1 816
Plant & equipment								950	1 007	1 067
Computers - hardware/equipment										
Furniture and other office equipment					83	83	83	212	225	238
Abattoirs										
Markets										
Civic Land and Buildings					1 500	1 500	1 500	2 000	2 120	2 247
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		1 600	1 999	5 532	1 004	1 004	1 004	200	212	225
<i>List sub-class</i>										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other ( <i>list sub-class</i> )										80
<b>Total Repairs and Maintenance Expenditure</b>	1	1 600	1 999	5 532	10 236	10 236	10 236	9 983	10 582	11 217
<b>Specialised vehicles</b>		-	-	-	-	-	-	1 616	1 713	1 816
Refuse								1 116	1 712	1 816

**Table 38 MBRR SA35 - Future financial implications of the capital budget**

KZN235 Okhahlamba - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Council		-	-	-				
Vote 2 - Finance		150	-	-				
Vote 3 - Corporate		600	120	85				
Vote 4 - Library		-	-	-				
Vote 5 - Museum		-	-	-				
Vote 6 - Traffic		-	-	-				
Vote 7 - Technical		53 886	38 925	39 877				
Vote 8 - Tourism		-	-	-				
Vote 9 - Refuse Removal		-	-	-				
Vote 10 - Municipal Manager		-	-	-				
Vote 11 - Social Services		5 426	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		60 062	39 045	39 962	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Council								
Vote 2 - Finance								
Vote 3 - Corporate								
Vote 4 - Library								
Vote 5 - Museum								
Vote 6 - Traffic								
Vote 7 - Technical								
Vote 8 - Tourism								
Vote 9 - Refuse Removal								
Vote 10 - Municipal Manager								
Vote 11 - Social Services								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		60 062	39 045	39 962	-	-	-	-

**Table 39 MBRR SA36 - Detailed capital budget per municipal vote**

KZN235 Okhahlamba - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework				Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal	
R thousand	4			2	6	3	3	5									
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>																	
Bergville Tared Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				4 125	6 125					New
Okhombe Vehicle Bridge					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 100						New
Ogade Pedestrian Bridge					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 500						New
Mnceleni Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				2 733						New
Ngungini Community Hall					Yes	Community	Community halls				2 500						New
Nxumalo Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				4 622						New
Mborompo Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				3 000						New
Nkwanini Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				1 776						New
Masenga Gravel Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				6 434	10 000	10 000	10 000			New
Electrification Projects					Yes					88 153	64 384	9 606	28 545	29 962			
Total Capex					Yes	Community	Other				4 000	4 000					
Vehicle testing, licensing and disaster					Yes	Community	Markets				2 000						
Khetshani Market Stalls					Yes	Community	Other				3 000						
sports complex					Yes	Community	Markets				2 000						
Fresh produce market					Yes	Community					3 124	2 000					
Foot bridges					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					60 062	38 545	39 962			
Parent Capital expenditure	1																
<b>Entities:</b> <i>List all capital projects grouped by Entity</i>																	
Entity A																	
Water project A																	
Entity B																	
Electricity project B																	
Entity Capital expenditure											-	-	-	-	-	-	
Total Capital expenditure										88 153	82 066	60 062	38 545	39 962			



**Table 40 MBRR SA37 - Projects delayed from previous financial year**

KZN235 Okhahlamba - Supporting Table SA37 Projects delayed from previous financial year/s

## **2.12 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipal website.
2. Internship programme  
Okhahlamba is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Finance Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 20115/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training is ongoing.
8. Policies  
An amendment of the policies has been made and the policies are out for the comments to the public

## **2.13 Other supporting documents**

**Table 41 MBRR Table SA1 - Supporting detail to budgeted financial performance**

KZN235 Okhahlamba - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		11 927	15 183	22 152	31 584	31 584	31 584	31 584	33 460	35 467	37 595
Less Revenue Foregone					4 018	4 018	4 018	4 018	4 698	4 980	5 279
Net Property Rates		11 927	15 183	22 152	27 566	27 566	27 566	27 566	28 762	30 488	32 317
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
Less Revenue Foregone											
Net Service charges - electricity revenue											
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
Less Revenue Foregone											
Net Service charges - water revenue											
<b>Service charges - sanitation revenue</b>	6										
Total Service charges - sanitation revenue											
Less Revenue Foregone											
Net Service charges - sanitation revenue											
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue											
Total landfill revenue											
Less Revenue Foregone											
Net Service charges - refuse revenue											
<b>Other Revenue by source</b>											
<i>Other Revenue</i>											
Interest on Current Account											
Fees Tenders											
Fees Photocopiers											
	3										
<b>Total 'Other' Revenue</b>	1	419	787	3 309	16 170	1 385	1 385	1 385	1 476	1 565	1 669
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	15 642	18 432	23 288	26 889	27 999	27 999	27 999	28 865	29 788	31 388
Pension and UIF Contributions		2 038	2 854	1 301	4 282	4 853	4 853	4 853	4 951	5 154	5 430
Medical Aid Contributions		573	65	829	865	998	998	998	1 047	1 029	1 084
Overtime		524	924	1 150	969	969	969	969	1 033	1 090	1 148
Performance Bonus		1 210	1 265	1 807	325	325	325	325	514	532	561
Motor Vehicle Allowance		893	1 095	1 206	2 493	2 132	2 132	2 132	2 429	2 498	2 633
Cellphone Allowance						—	—	—			
Housing Allowances						294	354	354	378	399	420
Other benefits and allowances		1 404	2 549	5 102	2 098	2 178	2 178	2 178	2 884	3 709	3 908
Payments in lieu of leave		169	408	1 504	590	909	909	909	924	972	1 025
Long service awards						121	103	204	204	217	229
Post-retirement benefit obligations	4						91	91	120	126	133
	sub-total	22 453	27 712	36 291	39 011	41 012	41 012	41 012	43 361	45 525	47 972
<b>Less: Employees costs capitalised to PPE</b>											
<b>Total Employee related costs</b>	1	22 453	27 712	36 291	39 011	41 012	41 012	41 012	43 361	45 525	47 972
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>											
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		4 478	4 001	9 468	10 106	10 106	10 106	10 106	10 708	11 350	12 031
Lease amortisation					1 115	126	2 124	2 124	2 124	2 251	2 367
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
<b>Total Depreciation &amp; asset impairment</b>	10	4 478	5 117	9 594	12 230	12 230	12 230	12 230	12 959	13 716	14 561
<b>Bulk purchases</b>											
Electricity Bulk Purchases											
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	—	—	—	—	—	—	—	—	—	—
<b>Transfers and grants</b>											
Cash transfers and grants		—	655	1 134	2 124	2 124	2 124	2 124	2 251	2 387	2 530
Non-cash transfers and grants		—	9	2	5 113	5 113	5 113	5 113	5 420	5 745	6 090
<b>Total transfers and grants</b>	1	—	663	1 136	7 237	7 237	7 237	7 237	7 671	8 132	8 620
<b>Contracted services</b>											
Rental / Office Machines						821	1 241	1 432	1 432	212	225
Security Services						1 172	1 630	2 112	2 112	2 251	2 307
<b>sub-total</b>	1	—	—	1 993	2 871	3 545	3 545	3 545	2 463	2 611	2 768
<b>Allocations to organs of state:</b>											
Electricity											
Water											
Sanitation											
Other											
<b>Total contracted services</b>		—	—	1 993	2 871	3 545	3 545	3 545	2 463	2 611	2 768
<b>Other Expenditure By Type</b>											
Collection costs											
Contributions to 'other' provisions											
Consultant fees		4 147	3 444	7 145	5 280				5 897	6 250	6 626
Audit fees		802	1 119		1 279				1 150	1 219	1 292

**Table 42 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN235 Okhahlamba - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Council	Vote 2 - Finance	Vote 3 - Corporate	Vote 4 - Library	Vote 5 - Museum	Vote 6 - Traffic	Vote 7 - Technical	Vote 8 - Tourism	Vote 9 - Refuse Removal	Vote 10 - Municipal Manager	Vote 11 - Social Services	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
<u>Revenue By Source</u>																	
Property rates			28 762														28 762
Property rates - penalties & collection charges			1 823														1 823
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue																	387
Service charges - other																	-
Rental of facilities and equipment																	105
Interest earned - external investments			2 268		42												2 268
Interest earned - outstanding debtors																	-
Dividends received																	-
Fines																	375
Licences and permits																	396
Agency services																	482
Other revenue																	1 476
Transfers recognised - operational	98 010		1 466		11												103 619
Gains on disposal of PPE			2 730		910		166										-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>98 052</b>	<b>37 048</b>	<b>42</b>	<b>958</b>	<b>166</b>	<b>821</b>	<b>2 081</b>	<b>137</b>	<b>387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139 693</b>	
<u>Expenditure By Type</u>																	
Employee related costs																	43 361
Remuneration of councillors			6 302		10 114		1 025		475		2 677		14 728		711		7 765
Debt impairment																	2 582
Depreciation & asset impairment			2 582				3 163										11 383
Finance charges							2 099										2 444
Bulk purchases																	-
Other materials																	1 539
Contracted services																	1 112
Transfers and grants																	2 251
Other expenditure																	62 888
Loss on disposal of PPE			10 928		13 109		9 769		32		796		13 051		5 123		158
<b>Total Expenditure</b>		<b>20 648</b>	<b>27 255</b>	<b>21 525</b>	<b>1 161</b>	<b>479</b>	<b>3 528</b>	<b>35 148</b>	<b>5 898</b>	<b>-</b>	<b>5 872</b>	<b>13 971</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135 484</b>
<u>Surplus/(Deficit)</u>		<b>77 405</b>	<b>9 794</b>	<b>(21 483)</b>	<b>(203)</b>	<b>(313)</b>	<b>(2 707)</b>	<b>(33 066)</b>	<b>(5 762)</b>	<b>387</b>	<b>(5 872)</b>	<b>(13 971)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 209</b>
Transfers recognised - capital																	37 456
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>77 405</b>	<b>9 794</b>	<b>(21 483)</b>	<b>(203)</b>	<b>(313)</b>	<b>(2 707)</b>	<b>4 390</b>	<b>(5 762)</b>	<b>387</b>	<b>(5 872)</b>	<b>(13 971)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41 665</b>

**Table 43 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

KZN235 Okhahlamba - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		24 689	44 304	36 573	40 000	600	600	600	12 000	30 000	40 000
Other current investments > 90 days											
Total Call investment deposits	2	24 689	44 304	36 573	40 000	600	600	600	12 000	30 000	40 000
<b>Consumer debtors</b>											
Consumer debtors		6 072	8 546	3 061	16 822	44 966	44 966	44 966	26 667	22 667	19 267
Less: Provision for debt impairment					(4 322)	(4 322)	(4 322)	(4 322)	(2 582)	(2 737)	(2 901)
Total Consumer debtors	2	6 072	8 546	3 061	12 500	40 644	40 644	40 644	24 085	19 930	16 366
<b>Debt impairment provision</b>											
Balance at the beginning of the year											
Contributions to the provision					(11 517)	11 517	11 517	11 517	7 760	10 342	12 729
Bad debts written off					(4 917)	4 917	4 917	4 917	2 582	2 387	2 530
Balance at end of year					8 674	(8 674)	(8 674)	(8 674)			
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		65 603	98 722	185 916	202 904	205 141	205 141	205 141	232 672	261 010	289 622
Leases recognised as PPE					9 594	10 106	10 106	10 106	10 708	11 350	12 031
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	65 603	98 722	176 322	192 799	195 035	195 035	195 035	221 965	249 660	277 591
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)					3 251	4 300	7 551	7 551	7 551	2 568	–
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		–	–	3 251	4 300	7 551	7 551	7 551	2 568	–	–
<b>Trade and other payables</b>											
Trade and other creditors		11 905	16 905	21 943	1 500	23 443	23 443	23 443	27 284	24 395	27 555
Unspent conditional transfers		35 344	26 211	10 720							
VAT											
Total Trade and other payables	2	47 249	43 116	32 664	1 500	23 443	23 443	23 443	27 284	24 395	27 555
<b>Non current liabilities - Borrowing</b>											
Borrowing					17 506	17 506	17 506	17 506	17 506	17 506	17 506
Finance leases (including PPP asset element)					12 196	2 637	8 134	8 134	8 134	8 134	8 134
Total Non current liabilities - Borrowing		–	–	12 196	20 143	25 640	25 640	25 640	–	–	–
<b>Provisions - non-current</b>											
Retirement benefits		4 605	9 389	1 874		1 874	1 874	1 874	1 874	1 874	1 874
<i>List other major provision items</i>											
Refuse landfill site rehabilitation					2 637	6 260	6 260	6 260	3 623	3 623	3 623
Other					3 623						
Total Provisions - non-current		4 605	9 389	5 497	2 637	8 134	8 134	8 134	5 497	5 497	5 497
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		51 062	85 501	77 147	177 105	142 595	142 595	142 595	194 174	238 280	281 690
GRAP adjustments											
Restated balance		51 062	85 501	77 147	177 105	142 595	142 595	142 595	194 174	238 280	281 690
Surplus/(Deficit)		34 439	51 144	53 649	51 139	43 675	43 675	43 675	44 263	43 578	36 211
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit) Reserves</b>	1	85 501	136 645	130 796	228 244	186 270	186 270	186 270	238 437	281 858	317 901
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation	2	–	–	–	–	–	–	–	–	–	–
<b>Total Reserves</b>	2	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	85 501	136 645	130 796	228 244	186 270	186 270	186 270	238 437	281 858	317 901

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services										
-----------------------------	--	--	--	--	--	--	--	--	--	--

**Table 44 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

KZN235 Okhahlamba - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome		Original Budget	Outcome	Outcome
<b>Demographics</b>												
Population					138	132						
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment					81	57						
<b>Monthly household income (no. of households)</b>												
No income	1, 12											
R1 - R1 600												
R1 401 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	1, 12											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area					138	132						
Number of poor people in municipal area					81	57						
Number of households in municipal area					26 756	27 576						
Number of poor households in municipal area					15 786	11 968						
Definition of poor household (R per month)												
<b>Housing statistics</b>												
Formal	3				10 970	11 858						
Informal					15 786	15 718						
Total number of households	4				-	26 756	-	-	-	-	-	-
Dwellings provided by municipality												
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings					-	-	-	-	-	-	-	-
<b>Economic</b>												
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>												
Property tax/service charges	6											
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services	7											

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework				
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>Household service targets (000)</b>													
<b>Water:</b>													
Piped water inside dwelling													
Piped water inside yard (but not in dwelling)	8												
Using public tap (at least min.service level)													
Other water supply (at least min.service level)	10												
<b>Minimum Service Level and Above sub-total</b>													
Using public tap (< min.service level)	9												
Other water supply (< min.service level)	10												
No water supply													
<b>Below Minimum Service Level sub-total</b>													
Total number of households													
<b>Sanitation/sewage:</b>													
Flush toilet (connected to sewerage)													
Flush toilet (with septic tank)													
Chemical toilet													
Pit toilet (vented)													
Other toilet provisions (> min.service level)													
<b>Minimum Service Level and Above sub-total</b>													
Bucket toilet													
Other toilet provisions (< min.service level)													
No toilet provisions													
<b>Below Minimum Service Level sub-total</b>													
Total number of households													
<b>Energy:</b>													
Electricity (at least min.service level)													
Electricity - prepaid (min.service level)													
<b>Minimum Service Level and Above sub-total</b>													
Electricity (< min.service level)													
Electricity - prepaid (< min. service level)													
Other energy sources													
<b>Below Minimum Service Level sub-total</b>													
Total number of households													
<b>Refuse:</b>													
Removed at least once a week													
<b>Minimum Service Level and Above sub-total</b>													
Removed less frequently than once a week													
Using communal refuse dump													
Using own refuse dump													
Other rubbish disposal													
No rubbish disposal													
<b>Below Minimum Service Level sub-total</b>													
Total number of households													
<b>Municipal in-house services</b>			2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework				
<b>Household service targets (000)</b>			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
<b>Water:</b>													
Piped water inside dwelling	8												
Piped water inside yard (but not in dwelling)	10												
Using public tap (at least min.service level)													
Other water supply (at least min.service level)													
<b>Minimum Service Level and Above sub-total</b>													
Using public tap (< min.service level)	9												
Other water supply (< min.service level)	10												
No water supply													
<b>Below Minimum Service Level sub-total</b>													

**Table 45 MBRR SA32 – List of external mechanisms**

KZN235 Okhahlamba - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.		Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
		Number				
Ninety four sharaai street	Yrs	3		Supply of fuel	23 November 2017	
Red Spike Security Services	Yrs	3		Security Services	01 January 2017	
Ayanda Mbangwa	Yrs	3		Advertisements	30 August 2017	
Ultimate Solutions	Yrs	3		Advertisements	30 August 2017	
Bhekikusasa	Yrs	3		Advertisements	30 August 2017	
Camelsa Consulting Group	Yrs	5		Implementation of Integrated Municipal Financial Ma	30 August 2018	
Judy Magwaza	Yrs	2		Events Co ordinator	13 January 2016	1 155

## **2.14 Municipal manager's quality certificate**

I ..... municipal manager of Okhahlamba Local Municipality, hereby certify that the Draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal manager of Okhahlamba Local Municipality (KN 235)

Signature \_\_\_\_\_

Date \_\_\_\_\_